

FAMILIES IN BUSINESS MGT498

SPRING 2020

PROFESSOR: Marianna Makri

REQUIRED COURSE MATERIAL:

Harvard Business Online Course Packet:

Coursepack link:

<https://hbsp.harvard.edu/import/546677>

COURSE OBJECTIVES

Family controlled businesses (both private and publicly-traded) are unique forms of ownership that are challenged by family dynamics, emotional attachment to the firm and various other issues resulting from the interaction of family, management and ownership — particularly where the family wishes to perpetuate its influence and/or control from generation to generation.

More concretely, course objectives are the following:

- Develop an in-depth understanding of what makes family businesses unique
- Develop the critical analytical thinking skills that help inside managers/executives understand the whole family business system
- Gain insight into ownership, business management, and family dynamics issues that impact the performance of family businesses
- Learn how family ownership and control impact the family and the business
- Develop an understanding of the complexities that exist in the succession planning process
- Learn how families can create wealth across generations

GRADE COMPONENTS

A. INDIVIDUAL CASE BRIEFS (4X25=100 Points)

Students should prepare synopses for four (4) cases found in the case packet.

Each case brief should not exceed two (2) pages single-spaced excluding exhibits and/or appendices.

A synopsis case brief should address three areas:

- The critical issues/problems in the case
- Recommended course of action to address the key issues/problems
- Lessons learned or insights gained from the case

B. YOU HAVE TWO OPTIONS IN TERMS OF THE TEAM PROJECT:

OPTION1: TEAM PROJECT (400 Points + 50 POINTS FOR PRESENTATION)

This is a project that can be completed in pairs and is **due on March 14th along with a presentation.**

The purpose of this project is to develop a strategic plan for your family business by employing the PPP approach.

- Papers are not to exceed fifteen (15) double-spaced pages excluding cover page, table of contents, endnotes, bibliography, and necessary appendices.

OPTION 2: TEAM PROJECT—CASE DEVELOPMENT (400 Points+ 50 POINTS FOR PRESENTATION).

- Utilizing their experience and knowledge of family business issues, students may elect to develop a family business case.
- The case format should be similar to the Harvard/Stanford cases and include at least three end questions and a section with suggested answers based on “good family business theory.”
- Case should not exceed fifteen (15) double-spaced pages excluding cover page, table of contents, endnotes, bibliography, and necessary appendices. This project is due on the last day of class along with a presentation.

INDIVIDUAL CASE ANALYSIS (150 Points) - due on March 9th

Please answer the following questions relating to the Steinberg case:

- Why has Steinberg's been successful?
- Why, out of all of the immigrants in Montreal, was Sam able to create this enterprise?
- What does "success" mean to Sam Steinberg?

- What role has the family played in the success of Steinberg's?
- Are there any negatives to the family nature of the enterprise?
- Many family businesses are unable to succeed in the transition to a new generation of ownership. Was the transition from Ida to Sam successful? What made it so?
- What are the family's values, and how do they impact the business?
- Now that Steinberg's is a public company, is it still a family business?
- Why does the overlap between the business and family seem relatively minor and benign?
- What should Sam have done to better prepare the company and the family for the challenges they now face?
- What issues does the succession question raise?
- Who should Sam select as a successor?
- What do you think Sam's goals/criteria are in this process?
- What should Sam's goals be?
- Should the outside directors play a role in the selection? What should that role be?
- If he picks Mel, how should he explain/rationalize this choice to the non-family executives?
- What do you predict for the company in the next two decades?

This case analysis should not exceed eight (8) pages double-spaced excluding exhibits and appendices.

FINAL EXAM (150 Points)

The final exam is take home and will be made available **on August 8th**. You will be asked to answer a series of questions. It will be due on the same day at midnight. You cannot use external sources of information. Your analysis should be based on case information only.

PARTICIPATION (150 Points)

- The evaluation of students' participation is based on the instructor's judgment.
- The value of your contributions will be assessed along two dimensions—the quantity and quality of your efforts.

- Students should be prepared to answer questions by completing the required readings
- Class discussion can be substantially enhanced by students sharing their ideas, experiences and questions.
- Other components of the participation score may include attendance, punctuality, and overall demeanor.

Letter grades will be awarded according to the following scale:

969 to 1000=	A+
930 to 969 =	A
900 to 929 =	A-
875 to 899 =	B+
830 to 874 =	B
800 to 829 =	B-
775 to 799 =	C+
730 to 774 =	C
700 to 729 =	C-
650 to 699 =	D
0 to 649 =	F

COURSE SCHEDULE

March 7th – Morning Session 8am-noon

A. Exploring the family business landscape and the idiosyncrasies of family firms.

Required Readings:

1. Definitions and Typologies of the Family Business (Harvard Course packet)

In Class Discussion

How would you define/describe your family business? What are your thoughts regarding the challenges associated with balancing the needs of the family with the needs of the business? If you don't belong to a family firm, please pick a family firm that you know of, public or private or pair up with a student who belongs to a family firm

2. The Annals of Family Business (On Blackboard under Course Documents)

B. The three circle model: Family, Ownership, Business

CASE: ANDERSON STEEL (Harvard Course packet)

Questions for Case Discussion:

1. What are the business, family and ownership issues present in the Anderson Steel case?
2. If you were Charles Anderson at the end of the case what would you do?

March 7th – Afternoon Session 1-5pm

C. The Challenge of Strategic Planning in Family firms

CASE: STAG INTERNATIONAL (Harvard Course packet)

Questions for Case Discussion:

1. What are the business challenges for Stag?
2. What is Rakesh's dilemma? Identify the emotional challenges he faces.
3. What could be the possible go-to market models for Stag?
4. What do you see some of the challenges of these models are?
5. Do you see any threats associated with Rakesh's vision?
6. What are the possible funding options for Stag and their implications?

7. Should Stag pursue expansion, diversification, a combination of the two or maintain the status quo?

D. From Family-Enterprise to Enterprising-Family

Required Reading:

1. Enterprising Families Domain: Family-Influenced Ownership Groups in Pursuit of Transgenerational Wealth (Posted on Blackboard under Course Documents)
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March 9th: 5:30pm – 9:45pm

E. LEADERSHIP IN FAMILY BUSINESSES AND FAMILY DYNAMICS

Required Reading

1. Money Personality Quiz

<http://www.moneyharmony.com/MHQuiz.html>

CASE: PRECISTA TOOLS (A) AND (B) (Harvard Course packet)

Questions for Class Discussion:

1. What led to the situation faced by Greta Huebel? Why did the work relationship between Greta and Franz change? If you were Greta, at the end of case (B), what would you do?

SAM STEINBERG INDIVIDUAL CASE DUE (Case in Harvard Course packet)

F. THE CHALLENGE OF GENERATIONAL TRANSITION

Required Readings:

1. The Test of a Prince (Harvard Course packet).
2. Passing on the crown (Posted on Blackboard under Course Documents)
3. The succession conspiracy (Posted on Blackboard under Course Documents)

CASE: Siblings and Succession in the Family Business (Case in Harvard Course packet)

1. How should Benson Electric's board handle the succession process?
2. Who is the most promising candidate for the position of CEO? Why?

3. Discuss the advice given by the experts. Do you agree/disagree with them?

March 10th: 5:30pm – 9:45pm

G. Family Business Governance (I): Understanding the Challenges

Required Readings:

1. Responsibilities & Rights of Family Shareholders of a Family Business (Harvard Course packet)
2. Fundamentals of Family Business System Governance (Harvard Course packet)
3. Pruning the family tree: An unexplored path to family business continuity and family harmony (Posted on Blackboard under Course Documents)

H. The Governance of Enterprising Families (II): Shareholder Agreements and Family Protocols

CASE: THE TORLVAD KLAVENESS GROUP: From old traditions to future innovation (Case in Harvard Course packet)

- What is the rationale behind the agreement implemented by Torlvald Klaveness?
 - Should the family change it? How?
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March 11th: 5:30-9:45pm

I. The Challenge of Professionalization for Enterprising Families

Required Readings:

Compensating Family Employees in a Family Business (Harvard Course packet)

CASES (In Harvard Course packet)

1. Murugappa Group: Centuries-Old Business Heritage and Tradition

2. Kohl Industries

What were the principles James Cole used to create the compensation systems he has used for his three children?

What compensation system(s) would you recommend to the Cole family?

3. The Professionalization of Ujwal Bharati

What is Srinivas' dilemma? Why did it arise? What should he do?

What is your assessment of the professionalization styles of Parasuram and Jairaj?

Is the role playing the role expected of it? Is Srinivas playing the role expected of him?

March 12th: 5:30-9:45pm

J. To join or not to join the family business?

CASES (In Harvard Course packet)

1. Atherton Clothing Company

- What do you think about Zachary's condition about joining the family business?
- If you were Zachary at the end of the case, what would you do?
- How would you describe the health of the business, family and ownership group in the Atherton/Cohen family business system?

2. Ho Tak Kee Book Co. Ltd.: A Third Generation at a Crossroads

Should Jo join his family business? Why?

If he does, how should he prepare for it?

If not, what should he say to his father?

March 13th: 5:30-9:45pm

K. SELLING OR PERPETUATING THE FAMILY BUSINESS

Required Readings:

1. What makes a family firm built to last? (Posted on Blackboard under Course Documents)
2. Technical Note: Ten Secrets of Successful Business Families (Harvard Course packet)

CASE: Francisco Narvaez at TIA (Case in Harvard Course packet)

Is selling the best strategic options for the family? And for the firm?

Do you agree with the selling process followed by Narvaez?

March 14th

Morning Session 8am-noon: Presentations

Afternoon Session 1-5pm: Final Exam