

Understanding Families in Business

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Business Family



Family Business

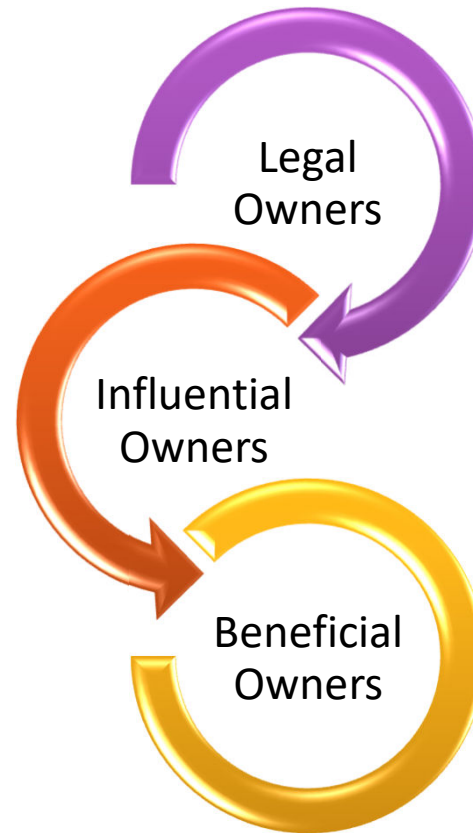


- Founded in 1937 by my grandfather & 3 friends
- Extended multi-family business
- TCM, Western OTC & health supplement



- Founded by me in 1990
- Immediate family business
- Private equity, property & business family advisory

Meaning of Ownership



Business Family 9-Box Matrix

	Family	Business	Wealth	
Structure				
Successors		<i>Vital Skills ?</i>		
Governance				

The Skills Companies Need Most in 2020

Top 5 Soft Skills

- Creativity
- *Persuasion*
- *Collaboration*
- *Adaptability*
- Emotional Intelligence

Top 10 Hard Skills

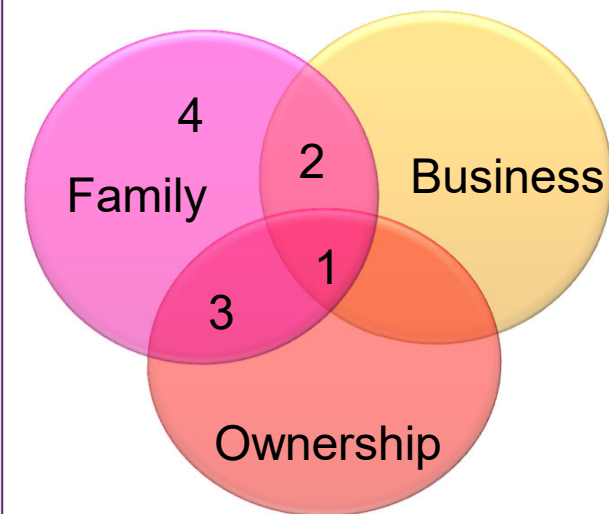
- Blockchain
- Cloud computing
- *Analytical reasoning*
- Artificial intelligence
- UX design
- *Business analysis*
- Affiliate marketing
- Sales
- Scientific computing
- Video production

Reference

<https://www.linkedin.com/pulse/skills-companies-need-most-2020and-how-learn-them-lazzaroni-pate/>

Confession of a Business Family Member

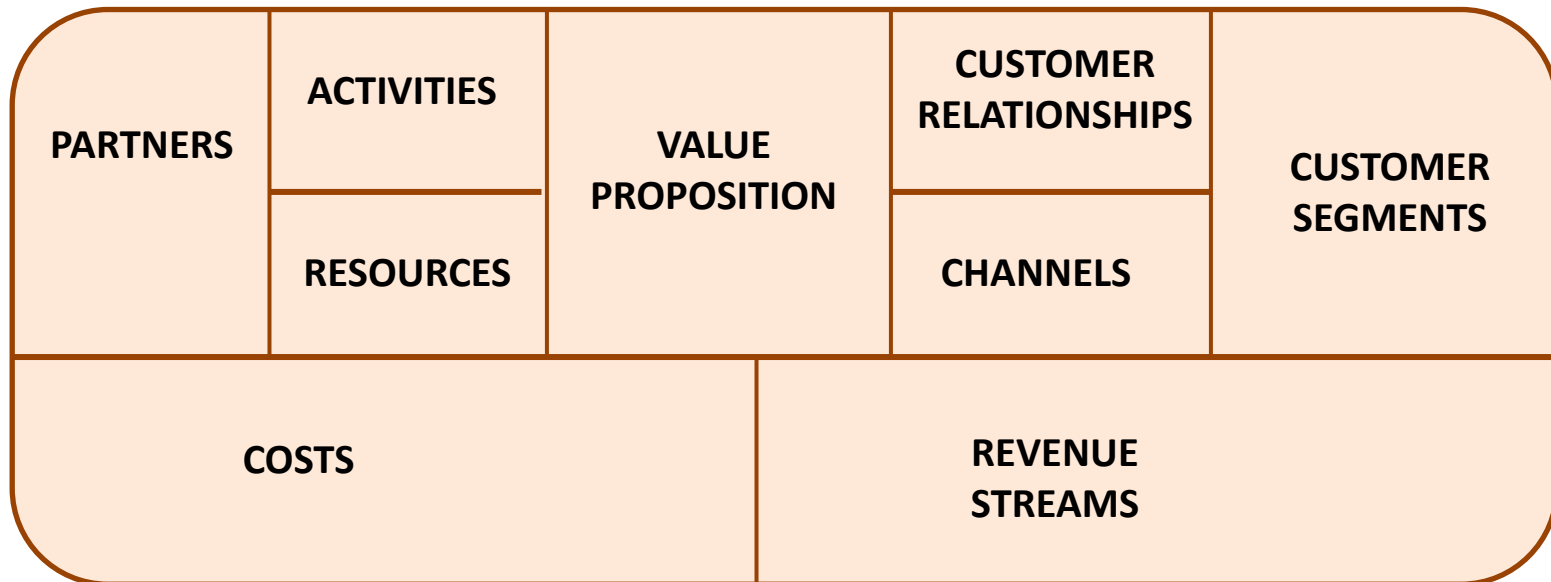
- Moving from territories 4-2-1-3
- As a family member
- Working in FB
- Working & owning shares in FB
- Stepping down from FB
- Stepping out of FB



Salient Points in Service Agreement of a Family Business Successor

- Entity to employ
- Outside remuneration prior to joining family business
- Duties & powers
- Option to purchase shares in existing JV
- Option to invest in Newco
- Company car & other business expenses
- Annual leave & working hours
- Illness
- Termination events & notice period
- Retirement age & benefits
- Law applicable
- Signing of service agreement

A Business Model describes
the rational of how an organisation
creates, delivers and captures value



Why are many traditional family businesses slow
in replacing outdated Business Model?

INNOVATIONS IN FAMILY BUSINESS: Focus on Configuration & Brand

Innovating requires identifying the problems that matter and moving through them systematically to deliver elegant solutions.

CONFIGURATION

- Profit Model
- Network
- Structure
- Process

OFFERING

- Product
- Performance
- Product System

EXPERIENCE

- Service
- Channel
- **Brand**
- Customer Engagement

Reference : Ten Types of Innovation – The Discipline of Building Breakthroughs
Authors: Larry Keeley, Ryan Pikkell, Brian Quinn, Helen Walters
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The Five Insights

- We Respect the Challenge
- Family Business Issues are Common and Predictable, yet Perspectives on the Same Issues will be Different:
3-circle model – Family, Ownership & Business
- Communication is Indispensable
- Planning is Essential to Continuity:
Business strategy
Leadership & ownership succession
Estate & personal financial
Family Continuity
- Commitment is Required of Us

Reference: John L. Ward, *Perpetuating the Family Business*, Palgrave Macmillan, 2004, page 10 - 22

The Four P's

- **Policies** Before the Need – issues are given attention before they become personal & emotional
- Sense of **Purpose** - to feel an over-arching purpose that makes continuing the family business worth the strife
- **Process** – they have worked on a policy together as a family, come to a consensus & articulated on it
- **Parenting** - on communication, attitudes towards wealth, preparing for entry into the business or choosing a different career, educating children for responsible ownership, etc.

Reference: John L. Ward, *Perpetuating the Family Business*, Palgrave Macmillan, 2004, page 22 – 28