



# 101 FAMILY BUSINESS:

Families that share the bond of business ownership find ongoing education invaluable in helping to preserve family harmony and the business.



■ By John Ward, Center for Family Enterprise, Kellogg Graduate School of Management ■

Owni ng a family business has many challenges. But helping family members prepare for their future roles through education can minimize some of those challenges. It also provides a chance to express care and commitment to each individual. Many business owners find that learning together is not only a bonding experience, but also a constructive way to reveal each other's strengths and weaknesses, which puts family purpose above business purpose and strengthens the commitment to long-term ownership of the business.

Additionally, families find that the quality of learning is far better if the program is tailored to them. Sharing life experiences and similar interests creates an ideal environment for learning and collaboration.

## The Curriculum

The type of education that will most benefit your family largely depends on the stage of your business and size of your family. Developing interpersonal skills is critical for smaller families because these make consensus building and conflict management less challenging. And larger, multi-generational families with well-established businesses are typically more interested in philanthropy, public service, a family office or active direct investments.

But the possibilities are unlimited. Families can, and should, mix and match the learning vehicles — which can range from workshops at family meetings to university courses — to different topics, locations and ages. Here is a look at how four families with very different needs chose to approach family learning.

## Family #1: Focus on Business Dynamics

A \$3 billion Scandinavian firm with about 200 family shareholders created an education committee comprised of the CEO, the board chairman, the family council chair and an outside consultant. The committee decided to focus on the dynamics of running a successful family business, so they conducted three, two-day workshops each year covering the following topics:

- How family businesses work;
- The global role of family firms;
- The family firm's business strategy;
- Accounting and finance;
- The challenges of succession and continuity;
- The family's values and the business's culture;
- The roles and responsibilities of the board; and
- The history and function of the family council.

## Family #2: Exploring Shared Personal Interests

A large family with shared interests in passive investments and philanthropy, and limited involvement in its operating companies, elected a family committee to devise a four-day annual reunion. Designed to develop strong ties within the extended family and help family members pursue shared personal interests, their program included:

- A family question-and-answer session after the annual shareholder meeting;
- A young children's program for play, fun and adventure;

- A family olympics of silly games that has become a tradition;
- Workshops on college and career planning featuring panels of older family members;
- Distinguished speakers to stimulate a fresh view of world events;
- A presentation by another large business-owning family; and
- A series of six elective workshops that include the areas of personal development, family values, understanding business and philanthropy.

### Family #3: Developing the Next Generation

A family with 10 young-adult and teenage cousin shareholders-to-be who will inherit a trust with substantial ownership responsibilities of a large, diversified company hired a full-time family education mentor to oversee a multi-year program that includes:

- A one-week course, “Finance for Non-Financial Managers;”
- Four-week assignments in the following areas: family office, family foundation and researching family history;
- Working one summer as an hourly employee in one of the family’s manufacturing plants;
- A two-month assignment in three of the following areas: corporate finance, manufacturing, sales and marketing, information services, research and development, and corporate development;
- Two years outside work experience in a related industry;
- An internship in a corporate or investment banking firm;
- Mini-courses in personal financial management, time management, family business and philanthropy;
- Completion of a research paper on a family business topic that requires visits to several other family firms.

### Family #4: Building Strong Family Ties

A family business with seven, third-generation adult members and 15 fourth-generation children under the age of 12 used a facilitator to plan workshops at two weekend family meetings per year. This family’s education focus is on:

- Parenting;
- Coping with inherited wealth;
- Listening skills, including videotaped role-playing;
- Personal styles, including sharing results of Myers-Briggs tests;
- Confrontation and conflict management.

While their parents are in the workshops, younger children usually attend a sports and activities camp that emphasizes team building and leadership. The family regularly invites other family business owners to discuss their family relationship-building experiences.

### Families Sharing With Families

A commitment to family education demonstrates that family strength and personal growth are a high priority for your family. Such a mission strengthens shareholder solidarity — especially in larger, extended families — and demonstrates that responsible ownership is important and requires some personal sacrifice of time and money. I encourage you to form a family task force to study what educational agenda is most appropriate to your situation. ■

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## DEVELOPING YOUR OWN FAMILY CURRICULUM



Families interested in developing an active educational mission should begin by addressing these four common issues.

- **Focus and curriculum.** The most appropriate focus for your family education plan depends on the size of your family, the nature of your business and your stage of ownership.
- **How often do we meet?** Include at least one element of education at each family meeting and take advantage of outside educational courses.
- **Who pays?** In some families, the company pays for it all; in others, it’s the family office. Some ask family members to pay for themselves, while others split the costs. A few families set up an education trust for collective use by the whole family.
- **How do I find the right resources?** An increasing number of skilled teachers, facilitators and educational facilities today have empathy and appreciation for family business issues. Your professional advisors or family business friends can be very helpful when you are looking for these resources.