

## MGMT 494: FAMILY BUSINESS

### SPRING 2016 SYLLABUS

#### INSTRUCTOR:

Professor: Raj V. Mahto Contact Information: Phone: (505) 277- 2423 (Office) E-mail: <a href="mailto:rmahto@unm.edu">rmahto@unm.edu</a> Office: ASM 2154	Classroom: GSM 302 Meeting Time: 9:30am to 12:00pm Thursdays Office Hours: 12:30pm to 2:00pm Thursdays And by appointment
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#### TEXTBOOK:

**Required Reading:** Ernesto J. Poza, *Family Business*, Southwest Learning (4<sup>th</sup> Edition).

**Miscellaneous Reading:** Harvard Business School (HBS) case package for this class is available on the HBS website (<https://cb.hbsp.harvard.edu/cbmp/access/45656969>). We will use several additional readings that I will post on the course website. Most of these readings can be obtained in electronic format through Parish library.

#### STUDENT ELIGIBILITY:

It is important students complete all core business courses before enrolling in this class. My recommendation is to take this course during the senior year.

#### COURSE OBJECTIVES:

The primary objective of this course is to help you:

- Understand the unique aspects of a family business and its contribution to the US and the World economy.
- Understand the distinctive advantages of a family business and unique challenges facing such entities.
- Identify various stakeholders of a family business and understand their relationship to business performance.
- Understand the critical issues that family businesses face in managing and improving business performance.

#### COURSE DESIGN:

This interactive course is designed to help you learn through class discussions and field projects. We will use cases (included in the text and course package), discussion with family business owners, and videos to achieve class objectives. You should read assigned materials before coming to class to learn and contribute to class discussions.

## CLASSROOM POLICY:

1. Preparation is the key to enjoying this class. If you are unprepared for class lectures and discussions, it will be difficult for you to learn concepts and theories for application in real world scenarios. Review assigned readings before coming to class. I may randomly call on you during the class session to contribute to the class discussion. You earn participation points during class sessions by demonstrating knowledge of assigned class materials.
2. Smart Devices – Avoid using laptop computers, smartphones, and tablets during lectures. Please keep your cellphones on vibrate or silent mode to minimize distraction in classroom.
3. Please cite the source for any information that you use in your individual and group assignments. Also, maintain a copy of these sources for me.
4. Any student or team with plagiarized material will automatically receive an “F” for the class. The student will also be referred to the university disciplinary committee for further action. Please refer to the Anderson School of Management’s academic honesty code policy.

## ATTENDANCE POLICY:

Class participation constitute a major portion of the course final grade. Plan to attend all class sessions to avoid losing participation points. You may be dropped from the class with an F grade for remaining absent for more than two class sessions. Assignments must be turned in either on or before the due date. Plan ahead, meet with your instructor (or class group) when you see a conflict arising, and work around the conflict. I may accept a late assignment (though with a reduced score) if you provide proof of emergency.

## TEAMS:

Team project is an essential element of this course. As soon as you know your team, exchange contact information and your schedule to plan for the semester. For the effective functioning of team it is important that you become familiar with each other.

You should contribute to every group assignment. I use peer evaluation to determine each student’s individual grade for group projects. In peer evaluation you assess each team member’s contribution to the project. The evaluation is confidential and accessible only to me. If **you do not** turn in the evaluation form in a timely manner then I assume that **you did not** contribute to your group project. **Please be advised: If your team members decide to fire you from the team, then you are automatically dropped from the course with an F grade.**

## COURSE GRADE AND STUDENT EVALUATION:

Final course grade will be based on class components that include:

### Class Participation and Discussion: 15 Points

You will receive ½ point for every class session that you arrive on time and remain present during the whole session. You can receive a maximum of 8 points just by attending all class sessions. You can earn additional points by making substantial contribution to class discussions through your comments. Your comments should indicate that you have read the assigned materials and done extra research on the topic. You can earn one point per session, with a maximum of 12 points over the whole semester.

### Book Review: 25 Points (15 report + 10 presentation)

Each student will read a contemporary family business book and provide a review of its recommendations in regard to business practices. I have included a list of recommended books at the end of this syllabus. You can pick other family business book for your review. The format for the review report is typed, double-spaced, 1-inch margins, 12-point font with length not exceeding ten pages. You will make a formal 5 minutes presentation of your reviews to the class.

### Exam: 10 Points

There is a final take home exam covering assigned reading materials in this course. We will make an announcement about the exam in the class.

### Individual Assignment: 15 Points

In this assignment, you will analyze and prepare a report for an assigned case. The analysis report should identify issues, analyze causes or consequences related to those issues, and conclude with recommendations that address those issues. The case analysis should be prepared without any external help. The case report should be less than 5 pages, double spaced, 12-point font, and with 1” margins. You may attach as many exhibits as you would like; Exhibits are excluded from 5 pages limitations. Instruction for writing a case analysis has been posted on the UNM Learn course page.

Students will also do a brief presentation of their case analysis towards the end of the assigned class session. Each student will summarize the learning outcomes and classroom discussion associated with the case.

### Group Assignments: (20 Points Written + 15 Presentation)

Your group will work with a local family business in this course. Groups will research the assigned family business, analyze family culture and business practices, and submit two written reports during the semester.

*First Group Assignment:* In the first assignment, your group will prepare a report that includes:

- Overview of the business that includes brief history of the firm, founders, products, industry, family and organizational culture, environment etc.
- Identify different stakeholders of the company and how these stakeholders influence the company.
- Identify areas or functions where family and business subsystem overlap.

Based on the above information, you will identify issues or problems confronting the family business. Your team will then prepare a written report that incorporates all of the above information. The written report should be limited to 10 pages. Please include your bibliography on a separate page (does not count towards 10 pages limit) towards the end of the report. Exhibits are excluded from page limitation as well. **(10 Points)**

*Second Group Assignment:* In the second group assignment, each group will conduct strategic analysis of the same family business. In this analysis you need to identify factors or causes of problems facing the family business. Use classroom learning and external research to come up strong logical antecedents of the problems or issues. Your group should frame recommendations, based on your analysis, to address the issues and/problems that you identified. You should explain how your recommendation(s) or suggested approach will help the family business survive beyond the current generation. **(10 Points)**

All teams will do a 20 minutes in-class final presentation based on the two group assignments. Each team will have 5 minutes to answer audience questions. Also, each member of the team is required to speak during this presentation. Your fellow classmates will judge your presentation along with your professor. **(15 Points)**

CHANGES TO SYLLABUS:

I will give you two weeks' notice for making any change in this syllabus. The revised syllabus with incorporated changes will be available on the UNM Learn course page.

## COURSE OUTLINE

### **January 21<sup>st</sup> INTRODUCTION: COURSE OVERVIEW**

- Syllabus
- Class Structure
- Instructor/Student Introduction

### **January 28<sup>th</sup> WHAT MAKES FAMILY BUSINESS UNIQUE?**

Chapter 1: The Nature, Importance, and Uniqueness of Family Business

1. How is family business different from non-family businesses?
2. What are the important constituents of a family business?

What is a Case?

Analyzing a Case Study and Preparing a Case Report

Case: Aurum Furniture and In-Law Management

Discussion Questions:

1. Why did John decide to join Aurum furniture?
2. How is Aurum different from a typical non-family business?
3. Discuss challenges that John encountered in the business.

4. At the close of the case, what did John perceive as his primary career alternatives? What were the advantages and disadvantages of these alternatives?

- **Book Report:** \_\_\_\_\_

- **Case Report:** \_\_\_\_\_

## **February 4<sup>th</sup> WHAT DISTINGUISHES GREAT FAMILY BUSINESSES?**

### Chapter 2: Great Families in Business: Building Trust and Commitment

Topics:

1. What distinguishes great family businesses from others?
2. How do families maintain balance between family and business subsystem?
3. How is complexity related to trust?
4. How can a family create trusting environment in family, business, and between family-business subsystems?

Case: Catawa Springs – When Family Members Leave the Business (*UNM Learn*)

Discussion Questions:

1. What are consequences of a company having three Co-CEOs? (Positive and negative)
2. Who should George choose as his successor (his son, Eddie Moss, or John Baker)? What are the dis/advantages of each candidate as the CEO?
3. How can you control nepotism in a family business? Or should you worry about it at all?

- **Book Report:** \_\_\_\_\_

- **Case Report:** \_\_\_\_\_

## **February 11<sup>th</sup> GUEST SPEAKER**

TBA

## **February 18<sup>th</sup> WHAT DISTINGUISHES GREAT FAMILY BUSINESSES?**

### Chapter 3: Ownership of an Enterprise Built to Last

Topics:

1. Is it possible to build a family business that can last forever? How?
2. What changes should a business owner make in family and business subsystems to build a business that last forever?

- **Book Report:** \_\_\_\_\_

## **February 25<sup>th</sup> LEADING THE FAMILY BUSINESS: SUCCESSION AND CONTINUITY**

### Chapter 4: Succession – Continuing Entrepreneurship and the Next Generation

Topics:

1. How important is the next generation for any family business?
2. Why is it important for owners to start planning ahead of time?

Case: Washington Post and the Graham Family (HBS)

Discussion Questions:

1. What was different about Eugene Meyer's approach to his family business, the Post?
  2. Why did Meyer's business survive across many generations?
  3. What was unique about Katherine Graham's tenure at the Washington Post?
  4. What is the latest update on Washington Post and Graham family?
- **Book Report:** \_\_\_\_\_
- **Case Report:** \_\_\_\_\_

**March 3<sup>rd</sup> LEADING THE FAMILY BUSINESS: SUCCESSION AND CONTINUITY**

Chapter 5: Succession and the Transfer of Power

Topics:

1. Types of CEO and power transfer
2. Role of CEO spouse
3. Power transfer and harmony in family

Case: The Lakkard Leather Company.

Discussion Questions:

1. Why was there no business succession plan at Lakkard?
  2. How could CFL have better managed this process?
  3. What would you do now if you were (a) CFL, and (b) Peter?
- **Book Report :** \_\_\_\_\_
- **Case Report:** \_\_\_\_\_

**March 10<sup>th</sup> LEADING THE FAMILY BUSINESS: SUCCESSION AND CONTINUITY**

Chapter 6: Creating the Strategy

Topics:

1. What is strategic planning?
2. Strategy execution and family in mind

Case: Reliance Industries and the Ambani Family (Poza)

Discussion Questions:

1. Is possible for siblings to live in harmony forever? If yes, then in what conditions? If not, then why?
  2. How could a visionary like Dhirubhai miss the law of nature?
  3. Did family struggle influence business performance? What damages did Reliance Industry suffer as a result of family feud? (Need to do extra research!)
  4. What role did Kokilaben perform in the family struggle? (Use chapter 6)
- **Book Report :** \_\_\_\_\_

- **Case Report:** \_\_\_\_\_
- **First Group Assignment Due**

**March 17<sup>th</sup>                      SPRING BREAK**

- *Enjoy your break*

**March 24<sup>th</sup>                      MANAGING THE FAMILY BUSINESS: BEST PRACTICES**

**Speaker – TBA**

**March 31<sup>st</sup>                      MANAGING THE FAMILY BUSINESS: BEST PRACTICES**

Chapter 7: Planning the Estate

Chapter 8: Financial Consideration and Valuation of the Family Business

- **Book Report:** \_\_\_\_\_
- **Case Report:** \_\_\_\_\_

**April 7<sup>th</sup>                      LEADING THE FAMILY BUSINESS: SUCCESSION AND CONTINUITY**

Chapter 9: Key Nonfamily Management

Topics:

1. What role do nonfamily managers perform in a family business?
2. What challenges do family businesses face in attracting and retaining nonfamily managers?

Case: Clemens Family Corp (A) - The Struggle from Family-First to Business-First

Discussion Questions:

1. What are the advantages and disadvantages of family members working in the business?
2. What are the disadvantages of family business for family members?
3. Which is better – family first or business first?
4. As Phil Clemens, what would you do to fix business ills?

- **Book Report:** \_\_\_\_\_
- **Case Report:** \_\_\_\_\_

**April 14<sup>th</sup>                      MANAGING THE FAMILY BUSINESS: BEST PRACTICES**

Chapter 10: Family Business Governance

Topics:

1. Importance of advisory board and board of directors
2. Selecting a board and defining board responsibility
3. Importance of family council and family meetings

Chapter 12: Change, Adaptation and Innovation – The Future of Family Business

Topics:

1. Planning for the continuity
2. Preparing for changing culture, marketplace, and family dynamics
- 4.

- **Book Report:** \_\_\_\_\_

**April 21<sup>st</sup> MANAGING THE FAMILY BUSINESS: BEST PRACTICES**

Chapter 11: Family Communication – Family Meetings, Family Councils, and Family Offices

Topics:

1. Rules of communication
2. Communicating through emotional boundaries

Case: Harilela Enterprises – An Indian Family Business in Hong Kong

Discussion Questions:

1. What are some general characteristics of family-owned businesses in Asia?  
How similar or different is Harilela family from other Asian family businesses?
2. Consider the Harilelas' funding strategy. What are the pros and cons of remaining a private company? What benefits and costs are associated with going public?
3. What should the Harilela family do next in terms of succession?
4. If Aron does finally assume leadership of the family business, what potential minefields may he have to navigate?
5. What advice would you give Aron?

- **Book Report:** \_\_\_\_\_

- **Case Report:** \_\_\_\_\_

**April 28<sup>th</sup> MANAGING THE FAMILY BUSINESS: BEST PRACTICES**

Chapter 13: Continuing the Spirit of Enterprise: Lessons from Centennial Family Companies

Case: Stevenson Industries (A)

Discussion Questions:

1. How did the impasse between the Chairman and the CEO come about?
2. If you were the Chairman, Simon Carlson at the end of the case, what would you do?
3. How well has the Stevenson board of directors performed in this situation?
4. How well has the Stevenson family council performed in this situation?

- **Book Report:** \_\_\_\_\_

- **Case Report:** \_\_\_\_\_



May 5<sup>th</sup>

GROUP PRESENTATION

- Final Presentation

**Final Group Report Due on May 12<sup>th</sup>!**

ACADEMIC INTEGRITY

**Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge:**

*I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.*

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. FOR FULL TEXT OF ANDERSON'S ACADEMIC HONESTY CODE, please visit <http://www.mgt.unm.edu/honesty>

ADA STATEMENT

Reasonable accommodation will be given to any individual with a legitimate disability. Please contact the instructor privately for arrangements. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats.

## Suggested Family Business Books

- Bork, Jaffe, Lane, Dashew, Heisler (1996). *Working with family businesses: A guide for professionals*. Jossey Bass Publishers.
- Collier, C.W. (2002). *Wealth in families*. Harvard University.
- Dyer, Jr. W.G. (1986). *Cultural change in family firms: Anticipating and managing business and family transitions*. Jossey-Bass Publishers.
- Fleming, Q.J. (2000). *Keeping the family baggage out of the family business*. New York: Simon & Shuster.
- Foster, Sandra (1998). *You can't take it with you: The common-sense guide to estate planning for Canadians*. John Wiley and Sons, Canada.
- Gersick, K.E., Davis, J.A., Hampton, M.M., & Lansberg, I. (1997). *Generation to Generation: Life Cycles of the Family Business*. Harvard Business School Press.
- Hilburt-Davis J. and Dyer Jr. W.G. (2002). *Consulting to family business: Contracting, assessment, and implementation (organizational development)*. Pfeiffer Publishing.
- Lansberg, I. (1999). *Succeeding generations: Realizing the dream of families in business*. Harvard Business School Press.
- McCann, G. (2007). *When your parents sign the paychecks*. JIST publishing.
- Miller, D. & Le-Breton Miller, I. (2005). *Managing for the long run: Lessons in Competitive Advantage from Great Family Businesses*. Harvard Business School Press.
- Pitts, Gordon (2000). *In the Blood: Battles to succeed in Canada's family businesses*. Doubleday Canada.
- Sonnenfeld, J. (1988). *The hero's farewell: What happens when CEOs retire*. Oxford University Press.
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- Vancil, R.F. (1987). *Passing the baton: Managing the process of CEO succession*. Harvard Business School Press.
- Ward, J.L. (1987). *Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership*. San Francisco: Jossey-Bass.
- Ward, J.L. (1991). *Creating effective boards for private enterprises: Meeting the challenges of continuity and competition*. San Francisco: Jossey-Bass.

Peer Evaluation for Family Business Management

List the names of yourself and your team members below, along with the percentage of contribution (in terms of quantity AND quality) that each team member added to this assignment. Your evaluation will remain confidential.

Team: \_\_\_\_\_

<u>Name</u>	<u>Percentage of Contribution</u>
_____	_____
(Your name)	
_____	_____
_____	_____
_____	_____

The Most Valuable Player on our team is: \_\_\_\_\_

Comments: *You **must comment** on anyone to whom you assigned a higher or lower percentage. Explain why your MVP is deserving of this honor.*

**Contract – SIGN BELOW AND RETURN BY THE END OF CLASS**

I have read the syllabus for the Family Business Course. With my decision to take this class, I understand the above statements and work load, and I agree to participate and do my best.

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Print Name

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Signature

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Date