

WHY ARE PEOPLE IGNORING FAMILY BUSINESS?

Frank Hoy

Paul R. Beswick Professor of Innovation &
Entrepreneurship

Worcester Polytechnic Institute
USA

Who Am I?

- **F**ormer Director of the Small Business Development Center for the State of Georgia
- **F**ormer holder of the Carl R. Zwerner Professorship in Family-Owned Businesses at Georgia State University
- **F**ormer Chairman of the Body of Knowledge Committee and Senior Vice President of the Family Firm Institute
- **C**o-author of *Entrepreneurial Family Firms*
- **C**o-editor of *The Routledge Companion to Family Business*

Ignoring Family Business

Is it an exaggeration?



Your Opinion?

- Does your school offer a major? A concentration? A course?
- How many family businesses are out there?
- How large are they?
- Are they “professionally” managed?
- Who are the donors to your university?

“Never go into business with
RELATIVES!”



- Entitlement
- Oldest Males
- Predator/Parasite

NO!

Family Business Stereotypes

- Family Feuding
- Nepotism
- Letting Emotions Run the Business
- Losing Non-Family Employees
- No Succession Plan
- Lack of Innovation



Anderson & Reeb, 2003. Founding family ownership and firm performance: Evidence from the S&P 500, *Journal of Finance*.

Miller & Le Breton-Miller, 2005. *Managing for the long run: Lessons in competitive advantage from great family businesses*.

What Can We Teach?

- Change vs. Risk
- Conflict as Inspiration vs. Conflict as Confinement
- Best Practices vs. New Practices
- Respecting Seniors vs. Challenging Seniors





Research Findings for the Classroom

Close Relatives Are Role Models

Trust Is Real

People Need Opportunities to Fail

Education Matters

Established Rules Improve Communication and Reduce
Conflict

Advisory Boards May Help

Networking (esp. Community Involvement) Works

More Research Is Needed

Most Family Owners Want to Firm to Remain in the Family?

Most Family Firms Fail in the Succession Process?

Successors Should Gain Experience Outside the Firm?

Succession Decisions Should Be Based on Qualifications, Not Family Influence?

Family Members Should Not Be Placed in Competition with One Another?



Family Business Literature Reviews (1)

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Family Business Literature Reviews (2)

- Sharma, P., Chrisman, J.J., & Chua, J.H. (1997). Strategic Management of the Family Business: Past Research and Future Challenges. *Family Business Review*, 10: 1-35.
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Questions?

Comments?

Criticisms?

Frank Hoy
fhoy@wpi.edu

Thank you!