

FAMILY BUSINESS MANAGEMENT

Course code	<i>MNG156</i>
Course title	<i>Family Business Management</i>
Type of course	<i>Main</i>
Study level	<i>1st</i>
Department	<i>Bachelor Studies</i>
Year of study	<i>2nd and 3^d</i>
Semester	<i>Spring</i>
Credits	<i>6 ECTS; 24 hrs. lectures, 24 hrs. practice, 112 hours of self study</i>
Lecturers	<i>Prof. Dr. Fabian Bernhard (first half of the course), Dr. Jan Taenzler (second half of the course)</i>
Study form	<i>Full-time</i>
Courses to have prior this course	<i>-</i>
Course language	<i>English</i>

AIMS OF THE COURSE

What does the Italian mob organization called “Mafia” have in common with reputable businesses such as IKEA, BMW or Samsung?

Well, in this course we will discover some of the underlying dynamics rooted in the familial structures, just as you might have seen them in the famous movie “The Godfather”™.

Recognizing and understanding such dynamics is important as family-owned and -run organizations dominate the world’s economies. According to latest figures, worldwide family-influenced businesses account for around 70 to 90 percent of all businesses. In the US, family businesses constitute 85 percent of private sector employment and one-third of the S&P 500. The probability is high that many ISM students will pursue careers in or with businesses that are controlled by a family. Jobs in investment banking, wealth management, consulting, and management all relate to some extent to family businesses.

However, few understand this special type of business as family-influenced organizations (both private and publicly-traded) face unique challenges in their desire to preserve its influence and control from generation to generation.

Goal of the course is therefore to familiarize students with the notion of familial influence on business and its challenges, as well as to provide more specific exposure to such firms in Europe and worldwide.

Subject learning outcomes (SLO)	Study methods	Assessment methods
SLO1. Learn and raise awareness why a family firm is a distinctive form of organization	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO2. Increase students’ understanding of family firms and their role in the economy	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO3. Understand the major issues and problems of family businesses as well as basic ideas how these challenges can be solved to improve family business performance	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO4. Improve students’ team building and business case solving skills	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO5. Develop skills related to data gathering on family businesses, as well as critical and analytical thinking	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO6. Actively seek for and present solutions to common family business challenges (competencies related to consulting family businesses)	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO7. Enhance students’ future entrepreneurial and managerial capabilities in a family business context	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/ presentation, final exam

LEARNING METHODS

The course is taught by two lecturers. Prof. Dr. Fabian Bernhard teaches the first half, Dr. Jan Taenzler the second half of the course. It is entirely taught in English and designed to achieve its aims through a combination of lectures and interactive case-study sessions. Seminars and lectures are designed to encourage active participation, co-operative and creative work, interactive communication and critical thinking. The lecturers will use video-cases and digital materials.

DATE	TOPIC (Lecturer)	IN-CLASS HOURS		READINGS
		Lecture	Seminar	
Week 1	Introduction to the topic of Family Business (Prof. Dr. Fabian Bernhard)	3	3	-
Week 1	Family Businesses as Dynamic Systems (Prof. Dr. Fabian Bernhard)	3	3	2
Week 1	Succession (Prof. Dr. Fabian Bernhard)	3	3	-
Week 1	Strategic Planning and Non- Family Managers/Employees, Financial Considerations, Performance, and Valuation of the Family Business (Prof. Dr. Fabian Bernhard)	3	3	4
Week 2	Corporate Governance and Professionalization in Family Businesses (Dr. Jan Taenzler)	3	3	1 & 3
Week 2	Entrepreneurial Orientation of the Family (Dr. Jan Taenzler)	3	3	5
Week 2	Case Study (Dr. Jan Taenzler)	3	3	
Week 2	Case Study (Dr. Jan Taenzler)	3	3	
	Total hours (for each group):	24	24	

COURSE REQUIREMENTS

- 1. Continuous assessment 50%** of the final grade. The continuous assessment includes the preparation, reading and repetition of course materials (It will be checked in class by exercises or a short in-class quiz), presentations of cases, and individual participation in class.
- 2. Final Project Part A 25% + Final Project B 25%** of the final grade. As the final project, students will work in teams and develop a case on a family business of their choice. They will research information on the family and the business, either by public sources or by means of data collection and interviews. The cases should revolve and describe a specific challenge a family business faces or has faced in the past. The challenge may be (but is not limited to) one of the topics we covered in class. In any case it should be related to family business specific topics. More details will be provided in class.
In cases where a team of students fail to turn in the final project, the entire team will receive zero points for their final project.
Retake exam: In cases where a student fails the class requirement, an additional exam has to be taken. The grade will replace the 25% of "Final Project B"

TYPE	TOTAL HOURS	EVALUATION, %
Continuous assessment	48	50
Final Project Part A	32	25
Final Project Part B	32	25
Total:		100

LITERATURE

Obligatory readings:

- Aronoff, C.E., Ward, J.L. (2011): Family Business Governance, palgrave.
- Bernhard, F. & Labaki, R. (2016). To sell or not to sell? The financial and socio-emotional dilemma of the ownership decision in the family business. In Arora, A. & Bacouel-Jentjens, S. (eds.), International Fragmentation: Impacts and Prospects for Manufacturing, Marketing, Economy, and Growth (pp. 141-151). London: Palgrave-Macmillan.
- Eckrich, S.J. (2012): The Family Council Handbook, palgrave.

4. Kets de Vries, M. F., & Simmons, S. (2010). *Envy me? The rise and fall of Gucci. Strategy, process, content, context: An international perspective*, 4th edn. Andover, UK: Cengage Learning.
5. Rua, O.L., França, A., Fernández Ortiz, R.F. (2018): *Entrepreneurial Orientation and Firm Performance*. In: *Entrepreneurship Trends and Challenges*, IntechOpen.

Optional readings:

- Anderson, Ronald C. and David M. Reeb, 2003. Founding-Family Ownership and Firm Performance: Evidence from the S&P 500. *Journal of Finance* 58(3), 1301-1327.
- Anderson, Ronald C. and David M. Reeb, 2004. Board Composition: Balancing Family Influence in S&P 500 Firms. *Administrative Science Quarterly* 49(2), 209-237.
- Carney, M. (2005). Corporate governance and competitive advantage in family-controlled firms. *Entrepreneurship Theory and Practice*, 29(3), 249-265.
- Lins, Karl V., Paolo Volpin and Hannes F. Wagner, 2013. Does Family Control Matter? International Evidence from the 2008-2009 Financial Crisis. *Review of Financial Studies* 26(10), 2583-2619.
- Pérez-González, Francisco, 2006. Inherited Control and Firm Performance. *American Economic Review* 96(5), 1559-1588.
- Poza, E. J. (2013). *Family business: Cengage Learning*.
- Randel S. Carlock, and John L. Ward, 2007. *Strategic Planning for the Family Business*, Palgrave Macmillan.
- Sharma, P., Blunden, R., Labaki, R., Michael-Tsabari, N., & Algarin, J. (2013). Analyzing family business cases: Tools and techniques. *Case Research Journal*, 33(2), 1-20.
- Zellweger, T. (2017). *Managing the family business: theory and practice*. Edward Elgar Publishing.

Technical notes and cases (e.g. The Gucci case) will be provided during the course.

NB. Due to the dynamic nature of the content of the course additional material can be assigned during the course. In case of unforeseen events the schedule will be adapted. The lecturer is trying to include actual and relevant material – therefore the reading list may differ. Slide handouts and readings will be prepared for each class and available for download. The slides are the intellectual property of teaching instructor and students may not distribute or duplicate these notes without written consent.