

Development of Human Capital in Family Businesses

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The ideology – An overview ...1

1. The neglect of human capital is the ultimate cause of dissipation of financial capital and even the family enterprise.
2. True Family wealth is its human capital, not financial assets.
3. Family firms offer a fertile ground for entrepreneurial behaviour (trust, kinship, emotional commitment, business activity, legacy)
4. Build an entrepreneurial pipeline in the family and leadership pipeline in the business.

The ideology – An overview...2

5. Entrepreneurial Champion is critical

- inspire, stimulate, influence bold decisions
- nurture potential of the new idea

6. Talent Committee - mixed membership of family & development experts

- life stage and work stage education for all family members
- multi family Talent Committee ?

Developing Culture – The Mindset Challenge ...1

	From	To	Keynote
1.	Proprietary	Professional	Knowledge Centric
2.	Entitlement	Meritocracy	Deserve and then desire
3.	Personalised	Process Based	Principle, Centric
4.	“Gut Feel” alone	Data	Transparent, symmetrical, digital
5.	Family Orientation	Entrepreneurial Orientation	What is good for the business is good for the family

Developing Culture – The Mindset Challenge ...2

	From	To	Keynote
6.	Pension Fund Mentality (Risk Averse)	Growth	Families grow faster than business
7.	Hierarchical	Decentralised	Autonomy
8.	Seniors @ bottleneck	Senior @ lifeline	Generational Partnership

Family Careers

In the Business	On the Business	Outside the Business
<ol style="list-style-type: none"> 1. Operational Roles 2. Functional Roles 	<ol style="list-style-type: none"> 1. Strategic Roles 2. Board Roles 3. Ownership Roles 	<ol style="list-style-type: none"> 1. Outside jobs. 2. Entrepreneurial Firm startups <ul style="list-style-type: none"> - Funded by Family - Not Funded by Family 3. Family Roles – Keeping the family together <ul style="list-style-type: none"> - Family governance 4. Foundation / Philanthropy

Developing Talent – Key Areas

The Growing Years

1. Train for values.
2. Don't rescue them from nascent difficulty.
3. Give them space for experimentation.
4. Foster deeper life interests / passions.
5. Teach difficult moral and experiential lessons.
6. Paramount place of relationships in life.
7. Teach them about money – earning, saving, giving, spending.
8. Cut “entitlement” in the bud.

Developing Talent – Key Areas

Young Adult

1. Encourage them to leave home.
2. Apprenticeship.
3. Jobs outside the family business for a few years.
4. Operate a Venture Fund.
5. Don't "paradrop" into senior roles.
6. Develop close relationships outside the family.
7. Active involvement in a social cause.
8. Train for responsible ownership.
9. Build a "family career track".
10. Provide performance and experience platforms and launch pads.

Developing Talent – Key Areas

Seniors

A. Role:

- a) Governance – Family & Business
- b) Strategic Direction
- c) Entrepreneurial Champion
- d) Values and Culture Anchor
- e) Industry Relationships / Networks
- f) Succession

B. Coaching Focus:

- a) Shift from Operational Reviews to Strategic Reviews
- b) Shift from Entrepreneur / Business Leadership to Governance Roles
- c) Self Renewal
- d) Story Telling / Legacy Pollination

C. Succession:

Letting Go

What do I want to be / do for the rest of my life?

Seniors

Be a Lifeline, not a Bottleneck!

Acknowledgement:

- 1. Experience as Family Business Practitioner***
- 2. The Voice of the Rising Generation ... James Hughes et al***
- 3. Evolution of Rising Generation in a Family Enterprise – Dennis Jaffe***

Thank
you

Our Values

- ✧ Partnership is a crucial engagement value with clients. We do not wish to be a “pair of hands” to undertake outsourced projects. Nor do we wish to be only experts who provide prescriptions to the client. Partnership values include a deep respect for the client and mutual learning. The client places before us understanding of their business and we bring to him our specialization and insights gained from many other situations. We have a tradition of clients staying with us for many years – ranging from 5 to 15 years and perhaps beyond and we often consult with multiple generations of leadership!
- ✧ The central theme of Human Endeavour is to respect and enhance human potential and strive to create a better future – for individuals, small groups and large communities.
- ✧ Our primary value is to play and build strengths. We will however ring fence fatal flaws to enable potential.
- ✧ We would like to highlight the subjective elements of a situation. Intuition, emotional intelligence and associative thought blends with rational thought. The organic social architecture of organisations is critical for positive change.
- ✧ In keeping with the spirit of partnership, we are keen to choose the clients we work with. Their readiness and commitment are crucial elements in the engagement and in the success of the association.
- ✧ Independence of thought is crucial to the integrity of our consulting practice. We will not structure any engagement that compromises this value. Our best value to the client is our candor combined with strong empathy. We will bring in our point of view, however dissonant it may be with the client’s current thinking. We will not accept a point of view merely to please the client.
- ✧ Building internal capability within the client system is paramount and we will do it unflinchingly.