

More youth at ISB take the family business route

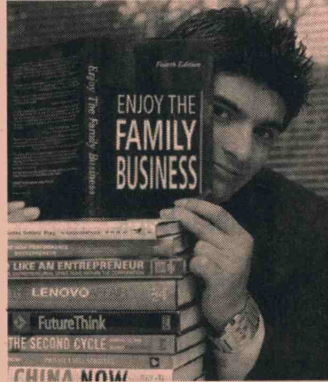
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Not long ago, family businesses were seen as a route taken by the less adventurous. It's no longer the case. Today's youth are seeing family businesses as potential growth drivers and are not hesitating to give up corporate offers to be part of family businesses.

Take the case of Mayank Agarwal, who is now pursuing the PGP programme but will later join his family business — the Mekins Group in Hyderabad. He worked for three years in the family business before joining ISB last year. Prior to that, he had started a new business unit to provide shelves, racks and trolleys to the retail industry. His family business provides storage solutions to automotive companies. The company makes cases in which engines and other car components are moved from the vendor factory to the assembly line.

Parth Parasramka is another student who wants to join his family business, which is into making industrial sewing and embroidery machines. He says: "There is more scope for growth and diversification in a family business." The value of the company increases manifold in a few years and this cannot be equated to the compensation that one gets by working in a corporate, he adds.

These are just two of the 40-odd stu-



dents with a family business background who are pursuing the flagship one-year post graduate programme at the Indian School of Business (ISB), Hyderabad.

K Ramachandran, Thomas Schmidheiny chair and ISB professor of family business and wealth management, affirms the trend. "People now do not worry about the weak image associated with family businesses. This is in contrast with the situation that was prevalent two years ago," he says. ISB is just a case in point, points out Ramachandran, who earlier taught strategy and entrepreneurship at the Indian Institute of Management, Ahmedabad, too, till 2001.

"Family businesses enjoy a lot of credibility which could be leveraged for new ventures. They provide social and financial resources apart from allowing scope for grooming new leaders," he says. He should know, being a consultant on family governance and business strategy to several medium and large firms.

A majority of those studying at ISB want to join their family businesses or set up new ventures under the same family business fold but gain some academic experience before they do this, notes Ramachandran.

One student, for instance, is here on the insistence of his family. The family is into trading of industrial products. The business is doing well, but the family wants its heir to be clear about his goals. There's also the instance of a parent wanting his daughter to pick up some real-time experience by working in a corporate set-up before coming back to the family business fold after a year or two. A scion of a cement major, too, is now pursuing the course at ISB. The list is not exhaustive.

"Managing relationships is the biggest challenge for the success of family businesses. The interests of the family should come first," says Ramachandra, cautioning that "succession planning and leadership, too, are issues with many families struggling to stay together and grow their businesses".