Vision
To create value for society and business families by developing their stewardship capabilities.

Mission
Be a catalyst and change agent for perpetuating the stewardship role of business families especially from India and other emerging markets by creating and disseminating world class knowledge and by providing reliable and attractive platforms for sharing and learning.
Message from Dr Thomas Schmidheiny

It gives me immense pleasure to note that the Centre for Family Enterprise that I have sponsored is continuously growing and proving its relevance to the society at large in various ways. This report is an evidence of the exciting set of activities happening there.

My best wishes to the team!

Thomas Schmidheiny
Spectrum Value Management Ltd., Rapperswil-Jona

Message from the Executive Director

Annual reports give opportunities to pause, reflect and strategize to move forward. For us at the Thomas Schmidheiny Centre for Family Enterprise, the gone year was yet another stellar period, full of aspirations and activities that we believe, were executed seamlessly and successfully. There are a number of changes taking place in the family business community around us, and we have been able to contribute to this transformation in several ways. We are most grateful to Dr Thomas Schmidheiny and Dr Dieter Spaelti for the unstinted support provided to us all through our journey.

Kavil Ramachandran
Thomas Schmidheiny Centre for Family Enterprise
Supervisory Council

Dr Dieter Spaelti
Managing Partner, Spectrum Value Management Ltd, Rapperswil-Jona, Switzerland

Dr Ann-Veruschka Jurisch (Ruscha)
Director, Philanthropy & Foundations, Spectrum Value Management Ltd, Rapperswil-Jona, Switzerland

Professor Pramodita Sharma
Daniel Clark Sanders Chair Professor in Entrepreneurship and Family Business at the Grossman School of Business, University of Vermont, USA & Senior Advisor and Senior Fellow, Thomas Schmidheiny Centre for Family Enterprise, ISB

Professor Kavil Ramachandran
Executive Director, Thomas Schmidheiny Centre for Family Enterprise, ISB

Mr GV Prasad
Co-Chairman & CEO, Dr Reddy’s Laboratories Ltd & Member, Executive Board, ISB

Professor Rajendra Srivastava
Dean and Novartis Professor of Marketing Strategy and Innovation, ISB

Professor Rajendra Srivastava
Dean and Novartis Professor of Marketing Strategy and Innovation, ISB

Professor Rajendra Srivastava
Dean and Novartis Professor of Marketing Strategy and Innovation, ISB

Professor Rajendra Srivastava
Dean and Novartis Professor of Marketing Strategy and Innovation, ISB

Professor Rajendra Srivastava
Dean and Novartis Professor of Marketing Strategy and Innovation, ISB
Academic Advisory Council

Professor Thomas Zellweger
Chair in Family Business & Director,
Swiss Institute for Small Business and
Entrepreneurship, Centre for Family
Business, University of St Gallen,
Switzerland

Professor Sougata Ray
Professor of Strategy,
Indian Institute of Management Calcutta

Professor Andrea Calabro
Professor of Family Business &
Entrepreneurship,
IPAG Business School,
Nice Campus, France

Professor Kevin AU
Director, Centre for Family Business and
Associate Director, Centre for
Entrepreneurship, CUHK Business School
Hong Kong

Professor Kavil Ramachandran
Executive Director, Thomas Schmidheiny
Centre for Family Enterprise, ISB
CONTENTS

Research .................................................................................................................. 01

Database Creation .................................................................................................. 07

Case Studies ........................................................................................................... 07

Book Chapters ........................................................................................................ 10

7th Asian Invitational Conference on Family Business ................................. 11

Roundtable on Corporate Social Responsibility ............................................. 12

Service to the Field ............................................................................................. 13

Awareness Workshops ......................................................................................... 13

Blood Donation Camp ......................................................................................... 14

Family Business Briefs ......................................................................................... 14

Family Business Blog ........................................................................................... 14

Networking ........................................................................................................... 14

Academic Collaboration ....................................................................................... 14

Articles in Media .................................................................................................. 15

Media Coverage ................................................................................................... 16

Teaching ............................................................................................................... 18

Family Business and Executive Education ...................................................... 18

Family Business Forum for Students ............................................................... 18

Family Enterprise Case Competition ............................................................... 20

Team .................................................................................................................... 21
Research

Intensifying its focus on high quality research, the Centre undertook major empirical research during the year. Some of these are pioneering in nature.

Journal Article Published


Authors: Navneet Bhatnagar, Kavil Ramachandran, Sougata Ray

New venture (NV) creation is critical to the growth and long-term survival of business groups. The purpose of this paper is to investigate the NV creation process in family business (FB) context and examine the influence of familial socio-political considerations and dynamics on venture creation processes. The paper employs a triangulation technique drawing from the extant literature, observations from 25 in-depth interviews of FB leaders and insights from two FB practitioners and abductive reasoning to theorize on the NV creation process and the influence of socio-political considerations and dynamics within family.

The results show that there are four distinct stages of the NV creation process in FB context. Familial socio-political considerations and dynamics greatly influence the NV creation process. These considerations and dynamics vary according to the socio-political clout enjoyed by the proposer. Leadership’s predisposition to the proposer and the proposer’s socio-political clout in the family determine whether an NV proposal leads to venture creation. The study extends NV creation literature by suggesting that in addition to the economic rationale, socio-political considerations play a critical role in venture creation decisions. Future research can validate the findings with quantitative analysis. FB members must garner strong socio-political support for their NV proposal. FB leaders must ensure that their NV proposal evaluation and resource allocation decisions are not unduly influenced by the proposer’s socio-political clout. The study views the NV creation process in FB context from the lens of familial forces at play. It identifies four distinct stages of the NV creation process and examines the role played by familial socio-political considerations and dynamics during each stage.
Family business philanthropy refers to the voluntary donations of tangible and intangible resources to support the betterment and sustainability of society in ways meaningful for the controlling family. In addition to the prevailing legal environment, familial values, religion and spiritual beliefs are likely to significantly influence the nature, mode and means of philanthropic activities of these enterprises. This article examines the influence of spirituality and familial values on the philanthropic activities of Indian family firms. In addition to being an under examined phenomenon of study, corporate philanthropy in this context is particularly intriguing because of the size of this sector (over 9.6 billion USD in 2016), dominance of Hinduism – the oldest and largest religion in the world with over a billion followers, and perhaps most importantly the significant uptick in philanthropic activities as a consequence of the 2013 changes in corporate law mandating social sector spending by all Indian companies.

These factors provide a unique opportunity to understand the relative influence of intrinsically driven motivators of religious or spiritual values, versus those imposed by the extrinsic environment. An exploratory study of the philanthropic activities of 16 Indian family firms with a combined giving exceeding 57 million USD in 2016 (three years after corporate law changes), leads us to a typology of philanthropy by juxtaposing two fundamental Hindu concepts of Dharma (human duty towards society) and Karma (right to action without entitlement to fruits). Several exciting avenues for future research emerge.

Accepted Conference Papers

Thirteen Research Papers were accepted for presentation at prestigious international conferences.

- “Women on boards in family firms”, Strategic Management Society (SMS) Conference, Paris, September 2018 and SMS India Special Conference, Hyderabad, December 2018
  Authors: Raveendra Chittoor, Nupur Pavan Bang, Kavil Ramachandran, Anierudh Vishwanathan

- “The influence of familial socio-political forces on new venture creation strategy in family business”, SMS India Special Conference, Hyderabad, December 2018
  Authors: Navneet Bhatnagar, Kavil Ramachandran
Conference Papers Submitted (2019-20)

- “Strategic agility and familiness: Family firms’ rudders to navigate the VUCA world”, Strategic Management Society Conference, Minneapolis, USA
  
  Authors: Navneet Bhatnagar, Kavil Ramachandran

High levels of volatility, uncertainty, complexity and ambiguity (VUCA) in the macroenvironment pose serious challenges to corporate strategic planning (Mack et el., 2015). However, VUCA also offers opportunities if businesses develop better sense-making ability and swift and appropriate strategic decisions (Bennett & Lemoine, 2014). Family controlled firms, the dominant form of business organization across the world (Ward, 2011), operate with long-term orientation (Lumpkin & Brigham, 2011).
On account of the owner family’s network, other unique resources, and keen interest in preserving financial and emotional wealth, family firms are likely to respond distinctly to environmental changes compared to non-family firms.

However, firm-level antecedents that shape family firms’ strategic decisions in an uncertain environment have not been adequately examined. Employing multiple-case method, this paper attempts to address that crucial gap and extend strategy and family business literature.

Based on in-depth case studies of 15 publicly traded Indian family firms, the study also aims at examining how heterogeneity in family firm’s - (1) agility, and (2) familiness resources and capabilities basket - influence its strategic decision-making in volatile and uncertain times. Based on the common patterns that emerged from the preliminary study of these cases a strategic framework has been conceptualized that identifies four distinct strategic decision-making profiles of family firms. As we develop this research, we aim to validate the framework by juxtaposing it with similar evaluation of non-family firms. The paper promises to have significant implications for strategic management of family firms and aims to contribute to our understanding of strategic decision-making under uncertainty in family business context.

"How spirituality shapes family firm philanthropy in India", International Family Enterprise Research Academy Conference, University of Bergamo, Italy

Authors: Navneet Bhatnagar, Pramodita Sharma, Kavil Ramachandran

Family-controlled firms are known to help local community through their philanthropy. Scholars have examined the nature, process, and outcomes of family firm philanthropy. However, the study of heterogeneity in motives for philanthropy across cultural contexts has received inadequate attention. Rooted in religious teachings and spiritual beliefs, the oriental cultures of the East emphasize a lot on the ‘duty’ of the wealthy to help the needy. Hence, family firm philanthropy in these cultural contexts is likely to be influenced by spirituality, but this remains empirically untested.

Based on 16 case studies from India, this paper examines the influence of spirituality on family firm philanthropy. The paper presents a typology of family firm philanthropy by juxtaposing three dimensions: (i) ‘Dharma’ - the firm’s spirituality-driven sense of duty towards society, (ii) ‘Karma’ - the degree of family involvement in philanthropic activities, and (iii) the firm’s philanthropy expenditure. Family firm philanthropy practices are categorized in eight distinct philanthropic engagement profiles. The study extends family firm philanthropy literature by providing insights on how the cultural (spiritual) context distinctly shapes the philanthropic behavior of family firms, leading to variations in the: choice of pro-social activities, extent of family’s involvement, and philanthropy expenditure.

“The influence of spirituality on family firm philanthropy in India”, Family Enterprise Research Conference, University of Vermont, USA

Authors: Navneet Bhatnagar, Pramodita Sharma, Kavil Ramachandran

Family firms are known to help local community through philanthropy. Scholars have examined the nature, process, and outcomes of family firm philanthropy. However, the study of heterogeneity in their philanthropy motives across cultural contexts has received inadequate attention. Based on 16 cases of Indian family firms, this paper examines the influence of spirituality on family firm philanthropy. The paper presents a typology of family firm philanthropy by juxtaposing two dimensions: (i) ‘Dharma’ - i.e., the firm’s sense of duty towards society, and (ii) ‘Karma’ - i.e., the degree of family involvement in philanthropy. Four distinct philanthropic engagement profiles are identified.
“Impact of parenting by promoting family on firm performance in an emerging market”, International Family Enterprise Research Academy Conference, University of Bergamo, Italy

Authors: Anierudh Viswanathan, Nupur Pavan Bang, Sougata Ray, Kavil Ramachandran

This paper explores the heterogeneity among family businesses by demarcating business group affiliated family firms from standalone family firms. Advantages associated with superior parenting by the promoting family of business group affiliated firms have been linked with corporate strategy literature to explain their superior performance in an emerging market. Two proxies have been used to measure the extent of parenting namely, firm leadership by a family member and promoting family’s shareholding in the group affiliate company. The study has been conducted in the Indian economic context using a dataset consisting of 3,728 listed companies. Results show that business group affiliation has a positive impact on financial performance. Also, superior parenting realized by non-family firm leadership and higher promoter shareholding leads to superior financial performance among family business group firms as compared to standalone family firms.

“Building employee competencies for service innovation: a quest for Indian family firms”, Academy of Management, Boston, MA, USA

Authors: Navneet Bhatnagar, Kavil Ramachandran

A large number of family firms operate in service industries across the world. Innovation is a key driver of growth in the service sector. Family firms are unique in developing innovations based on tacit knowledge passed through generations of the owner family. Though extant research has studied the owner family’s role in developing innovations, the role of non-family employees has not been examined in-depth.

Non-family employees have to gain the family management’s confidence and equip themselves with various capabilities to contribute to service innovation development process. This paper attempts to identify these specific employee competencies that contribute to or enable innovation in family-owned service firms and examine their effects on firm performance.

Towards that objective, a qualitative study was conducted based on in-depth interviews of 28 senior managers and family business leaders involved in innovation activities at family firms in 10 service industries. Based on rigorous content analysis of interview transcripts, 16 employee competence attributes essential to develop service innovations are identified. These attributes are grouped into four specific employee competencies. Extending the current theory on family firm innovation, this paper presents a conceptual framework for non-family employee’s service innovation competence and its link to innovation outcomes and firm performance (financial [return on networth] and non-financial [productivity and employee morale]).
“Parenting among business groups: an emerging market’s perspective”, Academy of Management, Boston, MA, USA

Authors: Anierudh Viswanathan, Nupur Pavan Bang, Kavil Ramachandran

Emerging markets witness a significant overlap between social communities, families and business activities. This paper attempts to decipher a source of heterogeneity, which is business group affiliation among family firms. This paper details the reasons why business group affiliation is beneficial in an emerging market by employing the concept of parenting to reconcile the potential deficiencies of business group affiliation pointed out by various strategy scholars. We use two proxies to measure the extent of parenting namely, firm leadership by a family member and promoting family’s shareholding in the group affiliate company. The study has been conducted in the Indian economic context using a dataset consisting of 3,728 listed companies. Results show that superior parenting realized by professional firm leadership and higher promoter shareholding leads to superior financial performance among family business group firms.

“Evidence on family firm performance and relevance of context in an emerging economy”, Academy of Management, Boston, MA, USA

Authors: Anierudh Viswanathan, Nupur Pavan Bang, Kavil Ramachandran

Ownership of firms and their impact on firm performance has been a topic of interest for long. Concentrated ownership of a firm in the hands of a family presents unique opportunities and challenges that may have an impact on the performance of the firm. Multiple studies have arrived at differing conclusions with regards to performance of family firms. Using a unique proprietary database of scientifically classified listed family and non-family firms this paper studies the impact of family ownership, control and management on firm performance through the lens of external and internal context. It thus advances the debate that has so far been skewed towards studies from the developed markets, larger firms and micro analysis. Using accounting and market measures of firm performance, we conduct a time-series cross-sectional comparison of family and non-family firms. Our analyses consistently reveal that family firms performed poorly in comparison to non-family firms in India. We also find that the impact of family does not weaken over time and that family management results in poorer performance. We, therefore, conclude that family ownership, control and management per se are a significant impediment to firm performance in emerging markets contexts like India.

White Papers – Published

“Family businesses : Heeding the call of corporate conscience 2015-2017”, December, 2018

Authors: Eraj Syed Hassan, Nupur Pavan Bang, Raveendra Chittoor, Kavil Ramachandran

In the last few decades, Corporate Social Responsibility (CSR) has become an integral part of the public discourse with academicians, practitioners, policy-makers and media laying stress on equitable outcomes through business-society interactions. While there was a general agreement that businesses needed to do more to be socially and environmentally responsible, a far-ranging debate has ensued amongst various stakeholders to determine the exact nature of these obligations. In this backdrop, the Government of India passed a prescriptive law under the Companies Act of 2013 making CSR mandatory for certain class of companies from the financial year (FY) 2014-15.

The Thomas Schmidheiny Centre for Family Enterprise at the Indian School of Business has conducted this study, for the three-year period between FY 2015-2017, to understand heterogeneity in behaviors across different categories of firms based on ownership structures. Apart from the quantum of spends, we have looked at the nature of spends covering the areas of development selected by the different categories of firms while also throwing light on the implementation modes chosen to spend their CSR monies.
Our results show that Family Firms have a greater preference to meet the CSR compliance under the law and we find that the historical context and theoretical frameworks are aligned with these findings. In wanting to create lasting organizations, family firms institutionalize enduring values that reflect in the engagement in social welfare activities across generations. However, family firms undertake these activities directly either through in-house teams or company-owned foundations which are also known to be controlled by family members. It leads to the argument that this would expropriate any benefits for minority shareholders in building a positive legacy for the family. Therefore, it is argued that family-owned firms professionalize their social pursuits and build transparent and strong governance mechanisms in the interest of their firms.

“Family businesses: Promoters’ skin in the game- 2007-2017”, August 2018

Authors: Nupur Pavan Bang, Sougata Ray, Kavil Ramachandran, Anierudh Vishwanathan

This study, provides insights into the ownership pattern of family firms in comparison to the non-family firms and also explores the heterogeneity within family firms. Our analysis proves that a pattern of declining stake of promoters in BSE 500 companies, as shown by some prior analysis, is not true for all categories of firms. The analysis of BSE500 firms does not give a true picture as BSE500 excluded most of the standalone family firms that are smaller in size.

White Papers – In Progress

Industry-wise evolution of family businesses in India

This study will focus on the shift to and growth of Family firms in the Services Sector as the Indian economy liberalized. The growth in the number of standalone family firms in India was driven primarily by the new firms in the services sector. Wholesale trade, financial services and Information Technology were the most favoured industries for the listed standalone family firms. Traditionally, family businesses were strong in manufacturing but they showed an equal penchant for the services sector, when the opportunities arose. This shows that family firms were open to restructure and take advantage of new opportunities by unleashing their entrepreneurial spirit.

Database Creation

In the first phase, the Thomas Schmidheiny Centre for Family Enterprise completed the task of classifying 4,831 listed companies in India into family and non-family. Further, the Centre is working on adding additional variables to its database like the community of the promoters and directors and CSR activities.

Case Studies

Gaining qualitative and process insight is fundamental to developing deep understanding of family businesses. The Centre continues to develop case studies that focus on different aspects of family businesses.
Case Studies – Published

“Merck, Darmstadt: Sustaining legacy beyond 350 Years”, Harvard Business Publishing, October 2018

Authors : Navneet Bhatnagar, Kavil Ramachandran, Andrea Calabro, Sougata Ray

This case is about the business, governance and leadership transformation of Merck — a 13th generation, family-owned, German multinational group operating in the pharmaceuticals, performance materials and life science industries. Established in 1668 as a pharmacy in Darmstadt, Germany, Merck ventured into the manufacturing of pharmaceuticals and specialty chemicals in 1827. Successfully overcoming several business and family challenges, it continued to grow. By 2017, Merck had a legacy of nearly 350 years of successful business operations, a presence in 66 countries and about 52,000 employees on its rolls. In 2017, Merck was led by Dr. Frank Stangenberg-Haverkamp (69), an 11th generation member who was the Chairman of the executive board and the family board of E. Merck KG (the group’s holding company). With his 70th birthday approaching, Frank wanted to identify an able successor who could help him build the group for the next 100 years and take the Merck legacy forward.

Merck was confronted with complex challenges on both the business and family fronts. It had three business divisions, i.e., healthcare, life science and performance materials. In each of these businesses, Merck was faced with very large, established competitors in the developed markets, who were difficult to beat in a direct competitive fight. Hence, it operated in niche product segments where it enjoyed technology leadership — the key to its competitive advantage. However, over the years, several of its competitors had developed alternatives to Merck’s products. In addition, new competitors in emerging markets such as China had suddenly emerged in high-end technology product categories like liquid crystals. Growing competition and increasing R&D costs were putting pressure on Merck’s profit margins. It was also shouldering a huge debt burden of €11.5 billion, which it had taken on to fund several acquisitions.

The family governance culture, norms and mechanisms had been very sound at Merck. Strongly rooted in family values, Merck had developed a family constitution, a family board, a board of partners and a holding company. However, there were 258 members in the Merck family, of whom 157 were equity-holding partners owning 70.3% share in the company. The challenge for Merck was to hold them together and keep growing the business to ensure viable yields to its shareholders. Extending the family shareholder agreement and laying the foundation to prepare Merck for the next 100 years while keeping its legacy intact were Frank’s major concerns on the family front. Therefore, to ensure smooth leadership succession, he was in search of a capable, next-generation family member who could take the Merck legacy forward.
Authors: Navneet Bhatnagar, Kavil Ramachandran

This case is based on the professionalization and governance challenges faced by Touchdown Footwear Limited (TFL), a mid-sized Indian footwear manufacturing family business. It was set up in 1965 in the southern Indian city of Mangalore by three brothers, Ramnath, Krishna and Ganesh Pai who had inherited their father’s rubber trading business. Initially, TFL made flip-flops and catered to the local market. Over the years, TFL expanded its product portfolio, and by FY 2015-16, it had a pan-India presence with some exports to African markets.

In the early years, the three brothers managed all the functions of the business. When the next generation came of age and joined the firm in the 1970s and ’80s, they took up various roles based largely on business exigencies. By the end of FY 2015-16, TFL had a turnover of INR 16.19 billion but lacked professional management and a clear strategy. In the absence of an appropriate structure, systems and processes, decision-making was ad hoc. Inefficiencies and wastage were evident across the organization, and working capital was under severe strain.

The firm suffered from a deficit of governance at both the family and business levels. The lack of clear policies and processes delayed many crucial decisions. Earlier attempts to professionalize the business had failed to achieve the desired results as family members lacked clear policies to follow and were unable to change their mindset. Furthermore, when the fourth generation began to enter the business, there were questions about their level of commitment and discipline. Vivek, the case protagonist, who managed TFL’s finances, realized the need for a transitional change on multiple fronts to sustain the business but was unclear how to go about creating a roadmap for the future.

“Dodla’s dilemma”, Harvard Business Publishing, May 2018
Authors: Nupur Pavan Bang, Kavil Ramachandran

D. Sunil Reddy established Dodla Dairy in 1995 in Nellore district of the southern Indian state of Andhra Pradesh. An industrial engineer from Mangalore University, Sunil set up Dodla as a greenfield company at the age of 27 with seed money provided by his father. He was inspired by his grandparents and father to help those in need grow and flourish and by Mahatma Gandhi’s call to “reach out to rural India.”

The company had grown well over the years. In fiscal 2015-16, it achieved an annual turnover of over INR 11 billion and aimed to touch INR 25 billion in revenues by 2020. It had a workforce of more than 2,000 employees, procured about a million liters of milk per day from 250,000 milk producers, and processed and sold milk and milk products at 67 locations in nine states in India. In 2011, Private equity fund Proterra invested INR 1.1 billion in Dodla, bringing down the family’s shareholding from 100% to 76.34% (it would later go down to 72.3%).

Sunil knew that if the company had to move to the next orbit, both in terms of size (revenues, assets and market share) and professionalization, certain organizational changes would be necessary. He wondered what these changes would be and who would make them. How could he better prepare himself and the company for the future? How would the company move from being a family-owned enterprise to a professionally run, sustainable organization? Would one of his daughters join the organization, bringing freshness to the company while providing continuity in terms of family values? Would the company be run by an outsider? “Who after me?”, thought Sunil. He often wondered whether the brand “Dodla” and the company he had founded would sustain beyond himself. While he continued his efforts to increase capacity, expand and capture more market share, he kept asking himself, “What next” and “How do I build a legacy?”
Case Studies – In Progress/ Under Review

• The Legacy of Annapurna Studios
• Hilti - Leadership and Ownership Transition in a Culture Rich Company

Book Chapters – In Progress / Under Review

• Religion and business families’ philanthropic practices (Handbook of Qualitative Research Methods for Family Business)
  Authors : Navneet Bhatnagar, Pramodita Sharma, Kavil Ramachandran

Family firm philanthropy is the voluntary donation of monetary or non-monetary resources by these enterprises for the betterment of society. Research suggests that while some business families engage in philanthropy with expectations of economic-gains like tax benefits, others are driven by non-economic motivators like reputational or political influence gains. This chapter highlights another understudied set of intrinsic philanthropic triggers – a controlling families’ religious or spiritual beliefs. To understand the influence of such beliefs on philanthropy we focus on the Indian context due to three reasons. First, India is fast growing economy dominated by family enterprises. Second, this sub-continent is home to one-sixth of the world’s population characterised by peaceful co-existence of world’s major religions and theologies. Third, the 2013 changes in corporate philanthropic laws provide an excellent opportunity to explore the effects of religious beliefs on philanthropic activities of business families. This research employs comparative case study of two remarkable social ventures launched by business families that are located in geographically diverse regions of this sub-continent. As both these families follow India’s dominant religion - Hinduism, this study enables us to shed light on other factors that influence the focus and geographic scope of philanthropic activities pursued. While each venture varies in its developmental trajectory, the founder’s indelible influence is evident in both cases. Exciting research opportunities are revealed.

• Future of family business in India – impact and implications of the changing landscape (Handbook of A Research Agenda for Family Business)
  Authors : Kavil Ramachandran, Sougata Ray, Yashodhara Basuthakur

Family business in India has a rich history and heritage. Business communities with interlinked social structures and the extended joint families within the communities have been the prime architects of Indian family businesses. While collectively family businesses have been progressively expanding its dominance over the industrial and services economy of India over the past two centuries, individually family businesses met with significantly varied experiences and fortunes. There are some family businesses that have been at the forefront of prominence and leadership for generations. A few family businesses have had a meteoric rise and left a huge imprint in a relatively short period of time. However, fortunes of many of the family businesses swung like pendulum from generations to generations and most family businesses faded into oblivion leaving space to other enterprises including new generation family businesses. In this chapter we provide a brief historical account of the family businesses in India and trace the evolution of the leading family enterprises across different eras. We look back to look ahead in identifying some of the factors that explain the resilience of surviving and thriving multi-generational family businesses and emergence of new generation family businesses. We also identify some of the factors that have contributed to the decline of erstwhile successful family businesses in the recent decades, particularly after economic liberalization initiated in 1991. We observe that some of these factors are endogenous to business communities and families and some are endogenous to enterprises. We identify several challenges facing the family businesses in India, particularly the multigenerational ones, and present a set of normative guidelines for their sustainable future.
7th Asian Invitational Conference on Family Business, February 1 – 3, 2019

The conference is an initiative of the Centre to sensitize and build capabilities in family businesses across Asia. It also offers a platform to network, reflect and share ideas and experiences among delegates. Over the years the bi-annual conference has become immensely popular amongst the family businesses and has emerged as a unique platform that offers great value to them. The Thomas Schmidheiny Centre for Family Enterprise, Indian School of Business, organized the 7th Asian Invitational Conference on Family Business from 1 – 3 February 2019, at their Hyderabad campus.

The conference theme was ‘Generations to Generations - Building Family Business Legacy Harmoniously.’ On the first day of the conference (Feb. 1), 40 academicians presented 23 cases and 10 research papers on family business. On February 2 and 3 the business conference was organised where 26 prominent family business leaders and experts shared with the delegates their wisdom, experiences and valuable advice on diverse sub-themes relevant to family business. The conference was attended by 372 delegates, mainly family business members, who came from Srilanka, Malaysia, UK and Japan besides India. It also offered members of family business community a platform to network, reflect, and share ideas and experiences.

The Conference speakers shared their insights and experiences on several topics, such as: building family business as a lasting institution, proactive governance, professionalisation, developing next-generation leadership, redefining the role of women in family business and leadership and continuity in a changing world. This was a unique conference in Asia that offered great value to family businesses and was highly appreciated by the delegates.

Prominent family business leaders and experts, such as, Deepak Parekh - Chairman of Housing Development Finance Corporation Limited, Dr Frank Stangenberg Haverkamp - Chairman, Executive Board and Family Board, E.Merck KG, MM Murugappan - Executive Chairman, Murugappa Group, Mohan Reddy BVR - Executive Chairman, Cyalent Limited, Farhad Forbes - Co-Chairman, Forbes Marshall Limited, Sangita Reddy – Joint Managing Director, Apollo Hospitals Enterprise Limited, Unnikrishnan MS - Managing Director and CEO, Thermax Group, Govindarajan - Managing Director, Aurobindo Pharma Limited, Aravind Srinivasan - Chief Medical Officer, Aravind Eye Hospital and Director-Projects - Aravind Eye Care System, Vivek Bhandari - Chairman, Jio Payments Bank, Ajith Kumar Rai - Founder and CMD, Suprajit Group of Companies, Harish Lakshman - Managing Director, Rane Group, Prasad Kumar - Founder and Principal Consultant, Human Endeavour, Dr Thomas Schmidheiny - Founder & Chairman, Spectrum Value Management Limited, Ann Veruschka Jurisch -
Director, Ernst Schmidheiny Foundation, Switzerland, Gita Piramal - Senior Associate Fellow, University of Oxford, Amala Akkineni - Director, Annapurna International School for Film and Media and Co-founder and Chairperson, Blue Cross of Hyderabad, Lavanya Nalli - Vice Chairperson, Nalli Group of Companies, Gopal Srinivasan, Chairman and Managing Director of TVS Capital Funds Ltd, Anil Sainani - Managing Partner - BAF (Business and Family) Consultants, Navas Meeran - Chairman, Eastern Group of Companies, Pramodita Sharma - Professor of Family Business, Grossman School of Business, University of Vermont, USA, Ajay Bhalla - Professor of Family Business and Innovation, CASS Business School, London, Rajendra K Srivastava - Dean and the Novartis Professor of Marketing Strategy and Innovation, Indian School of Business, and S Ramnarayan - Professor of Organization Behavior, Indian School of Business, Kavil Ramachandran, Professor and Executive Director, Thomas Schmidheiny Centre for Family Enterprise, Indian School of Business, participated in the conference and shared their experiences and valuable advice with the delegates.


The report titled, “Family Businesses: Heeding the Call of Corporate Conscience, 2015-2017” was released by Dean Rajendra Srivastava (ISB) in the presence of the authors, industry experts Vijay Mahajan (Secretary & CEO, Rajiv Gandhi Foundation), Prof V Raghunathan (Director, Schulich School of Business, India Campus, Hyderabad and Ex-CEO, GMR Varalakshmi Foundation), Jitendra Kalra (CEO, Foundation for Economic Development) and Professor Hariom Manchiraju (ISB), students and the media.

Speaking after the release event, Dean Rajendra Srivastava said, “the rising inequality and other social and ecological imbalances necessitated greater formalization and regulation of the social obligations of firms across the world and especially in India. However, the CSR policy in India remains a work-in-progress given that India was the first country to develop such a prescriptive law. Questions arise in terms of their effectiveness, efficiency, impact and sustainability which are lacking in the data. Therefore, a multitude of unresolved issues and doubts about the implementation of the law come to the fore. The re-constitution of the high-level committee on CSR in November 2018 is a step in the right direction and points towards the intent of the Government to make the law more effective”. 
Service to the Field

The Centre’s research team facilitated dissemination of research to global practitioner audience through research précis authored for Family Business Review articles, the top peer-reviewed journal in the field. These research précis were published in ‘FFI Practitioner’ – the practitioner-oriented online publication of the Family Firm Institute, Boston, MA, USA.

The Centre’s research team members were invited to review papers submitted to prestigious international conferences (Academy of Management, European Academy of Management, Family Enterprise Research Conference, and the International Family Enterprise Research Academy Conference). In all, the Centre’s team reviewed 21 research papers during the year.

The Centre also contributed to the School’s knowledge dissemination media - ISB Insight, ISB Podcast, Management Briefs, Case Spotlight, and Research Bytes published by the Centre for Learning and Management Practice (CLMP), ISB.

Dr. Navneet Bhatnagar, Senior Researcher with the Centre, was awarded the de Visscher & Co Scholarship 2018 by the Family Firm Institute–Global Education Network, Boston, MA, USA. The scholarship aided him to earn FFI Certification in Family Business Advising (CFBA).

Awareness Workshops

One of the important goals of the Centre is to create awareness and interest among business families on the need for proactively working on the potential challenges family businesses face. Professor Ramachandran and the research team conducted and/or spoke at various forums with this purpose in mind.

- Family businesses in the emerging startup ecosystem, The Sedibus and Yi Amravati, Vijaywada, March 23, 2019
- What you think - family business, YPO Chennai Gateway, November 27, 2018
- Why managing family business is a challenge, Udaipur Chamber of Commerce and Industry, Udaipur, September 22, 2018
- Successfully managing challenges in family businesses, Centre for Entrepreneurship Development, Madurai, September 17, 2018
• How family ownership impacts firm performance? A study of listed firms in India with implications for governance, Securities and Exchange Board of India, Mumbai, August 10, 2018

• Building a lasting family business – Challenges and strategies - Automobile Dealers Association – Hyderabad, August 10, 2018

**Blood Donation Camp**

The Centre, along with the CSR arm of the MBA class – the Net Impact Club, organized a Blood Donation Camp in June 2018. The camp was a great success in which 116 members of the ISB community (staff and students) donated their blood. The camp was organized in collaboration with the Institute of Preventive Medicine (IPM) – Central Blood Bank, Hyderabad.

**Family Business Briefs**

The Family Business Briefs published by the Centre is a knowledge dissemination platform to reach out to a large section of the society and generate awareness about various aspects of family business. This bi-monthly publication is mailed to over 7000 readers including family business community members, professionals, practitioners, academics and research scholars. The Family Business Briefs can be viewed at: http://newsletters.isb.edu/Family-Business-Briefs/index.html

**Family Business Blog**

Family Business Blog is an information diffusion platform providing regular coverage of the latest news items, research and survey on family.

**Networking**

The Centre has expanded its impact through establishing a network of academic, industry and institutional linkages in India and abroad through several personal and institutional networks.

**Academic Collaboration**

The Centre has active academic collaboration with the following institutions. These are of different levels of intensity and include co-research / publication and co – teaching.

• University of Vermont, USA
• University of Victoria, Canada
• Indian Institute of Management Calcutta
• Cass Business School, UK
• IPAG Business School, France
• The Chinese University of Hong Kong
• University of St Gallen, Switzerland
• Member of the Successful Transgenerational Entrepreneurship Practices (STEP) – a global applied research initiative of top B-Schools across the world
Articles in Media by Professor Kavil Ramachandran and the Research team

• Family business governance rooted in values: The case of Merck, Darmstadt, ISB Case Spotlight, March 21, 2019

• Innovative steps toward gender equality, GARP, March 06, 2019

• When family businesses go international, ISB Insight Research Byte, February 11, 2019

• Indian family business: Creating legacy, ISB Insight, January 20, 2019

• How VelvetCase is mining India’s passion for gold, ISB Case Spotlight, December 24, 2018

• Is India’s CSR law having the desired impact?, ISB Insight Management Briefs, December 23, 2018

• Fix it before it breaks, Business Standard, December 20, 2018

• Standalone family firms lead on gender parity, ISB Insight, December 14, 2018

• Are we already too late to overhaul management education, Business Standard, December 5, 2018.

• India’s family-ownership factor, GARP, November 26, 2018

• Beyond the scripted code of conduct, Business Standard, November 22, 2018

• Institution building - What family businesses can learn from Merck, Campden FB, November 8, 2018

• Equal stewards: The women in family business programme, ISB Case Spotlight, October 16, 2018

• Who will bell the cat, Business Standard, October 8, 2018

• Learn from the villains, Business Standard, September 27, 2018

• The power of democratized data, GARP, September 21, 2018

• Pathway to success for professionals working in a family business, The Economic Times Family Business Forum, September 6, 2018

• The three circles of family business, ISB Insight, August 28, 2018

• India’s big bank heist, GARP, August 3, 2018

• Of challenges and choices facing working women, Fortune India, August 3, 2018

• The case of Dr Reddy’s Laboratories, ISB Case Spotlight, July 17, 2018

• Promoting good governance, Business Standard, June 28, 2018

• Don’t threaten independent directors, Business Standard, June 18, 2018

• General data protection regulation: What will happen to all the micro level analytics? Analytics India Magazine, May 19, 2018
Media Coverage – Expert Comments Provided by Professor Kavil Ramachandran and the Research Team

• The Sedibus kicks off speaker series with Yi Amaravathi, Business World, March 24, 2019 (story also featured in Prajasakthi, Sakshi)

• Family firms marching ahead, Pioneer, March 24, 2019

• Cognizant bribery: The case that’ll either tarnish L&T’s name or burnish its fame, Economic Times, March 19, 2019

• Constitutional family ties, Deccan Chronicle, March 13, 2019

• Millennials look to revamp old family businesses, Live Mint, March 10, 2019

• Next-gen MBAs: Learning their lessons, Forbes, February 22, 2019

• Noel joins Tata trusts, Venkat steps down, Business Standard, February 14, 2019

• Family Businesses: Heeding the call of corporate conscience, Tharawat, February 8, 2019

• For independent directors boardroom dynamics have changed but not enough, Business Standard, January 7, 2019

• Many family firms meet CSR mandate, The Hindu, December 14, 2018 (story also featured in Eenadu)

• Well-defined CSR strategy leads to strategic competitive, Business Standard, December 14, 2018

• Family firms spend more on CSR than non-family firms: Study, United News of India, December 14, 2018

• Most Indian companies do not comply with CSR norms: ISB, Times of India, December 13, 2018

• Most Indian companies do not comply with CSR norms: ISB, ETCFO, December 13, 2018

• CSR creates long term value for shareholders, says ISB study, Telangana Today, December 14, 2018

• There’s no hard evidence against Flipkart’s Binny Bansal, so why did Walmart let him go, Business Today, November 16, 2018

• Firms led by promoters grew faster since 2013, Business Standard, October 5, 2018

• The Scions have skin in the game: World of Indian Family Businesses is undergoing changes, Outlook, September 26, 2018

• Blending old with new, Business Today, September 23, 2018

• Two’s company: A sibling survival guide, LiveMint, September 18, 2018

• Back to work blues, Fortune India, September 15, 2018

• Executives wary of taking top Facebook India position, Ideal News, September 6, 2018

• Here’s why execs are wary of taking the top position at Facebook India, TechGig, September 6, 2018
• Why no one wants to head Facebook or WhatsApp in India, ET Brand Equity, September 6, 2018

• Execs wary of taking top FB India position, Times of India, September 5, 2018

• Indian School of Business conducts a research study on family business, Technology for You, August 21, 2018

• Promoters of family-run businesses steadily increasing shareholding in their companies: ISB report, Business Today, August 14, 2018

• Promoters of family firms increasing their stake, says ISB study, Telangana Today, August 12, 2018

• Promoters holding in family firms on the rise, The Hindu, August 09, 2018

• Promoters stake in family biz rises, The Asian Age, August 08, 2018

• Promoters stake in family biz rises, Deccan Chronicle, August 08, 2018

• Concentration of promoter holding on rise in family biz, The Times of India, August 08, 2018

• Promoters’ shareholding increasing in family businesses: ISB study, Bloncampus, August 08, 2018

• Family firms see rise in promoter holding that is playing key role: Study, India Finance News, August 08, 2018

• Family firms up stake over last decade in India: Research, Business Standard, August 07, 2018

• Promoters of family increase stake in their NSE and BSE, Devdiscourse, August 07, 2018

• Family firms up stake over last decade in India: Research, The Economic Times, August 07, 2018

• Family firms up stake over last decade in India: Research, ETCFO, August 07, 2018

• Family firms up stake over last decade in India, says research study, Financial Express, August 07, 2018

• Promoters’ shareholding in family businesses increasing: ISB study, The Hindu Business Line, August 7 & 8, 2018 (story also featured in Andhra Jyothi, Business Standard Hindi, Eenadu, ET Gujarati, Sakshi)

• Family firms up stake over last decade in India: Research, Hunter Info, August 07, 2018

• Promoters’ shareholding decreasing in non-family firms, rising in family firms: Study, India Today, August 07, 2018

• Promoters’ shareholding falling in non-family firms, rising in family biz: Study, Millenium Post, August 07, 2018

• Promoter stake: family firms up stake over last decade in India: Research, Newsfeed, August 07, 2018

• Promoters’ shareholding decreasing in non-family firms, rising in family firms: Study, Times of India, August 07, 2018
• Promoters of family-owned firms are buying more and more into their companies, The Week, August 07, 2018

• Navroze leaves Godrej & Boyce executive director post, Indian Tax Home, August 8, 2018

• Navroze leaves Godrej & Boyce executive director post, Economic Times, August 8, 2018

• Navroze leaves Godrej & Boyce executive director post, India Finance News, August 8, 2018

• Women directors at family firms face ‘competence versus kinship’ challenge, The Economic Times, June 26, 2018

• Women directors at family firms face ‘competence versus kinship’ challenge, India Finance News, June 26, 2018

• Business beyond wealth, Business Today, June 17, 2018

• Planning for prosperity: Assessing family business future-readiness in South and South-east Asia, The Economist - Intelligence Unit, April 26, 2018

### Family Business Forum for Students

Several students of ISB belong to business families. Some others are interested in working for family businesses. The Student Family Business Forum is a student initiative and supported by the Centre for undertaking discussion on a variety of topics.

### Teaching

#### Full time Post Graduate Programme (PGP)

Strategic, Leadership and Resource Management in Family Business (SLRM) – A full credit course was offered to the PGP students during the academic year. This is the ninth year in succession this course has undergone refinements over the years, has been offered. This elective course always attracts about 60 students every year. While a significant number of them belong to business families, many of them join the course out of interest to understand the unique challenges faced by family businesses.

#### Post Graduate Programme for Management in Family Business (MFAB)

This is a School level, Master’s programme that the Centre is supporting. MFAB is targeted at the young generation members of business families. This is a uniquely designed, modular programme. Professor Ramachandran has taught the following two courses:

- Understanding Family Business- Managing Paradoxes
- Professionalisation of Family Business

### Family Business and Executive Education

Transformation of family businesses require focused training inputs. The Centre collaborates with the Centre for Executive Education in offering short duration programmes.
Short Duration Programmes

Advising the Family Enterprise: Facilitating Sustainable Growth and Success, July 20 – 21, 2018: Most businesses in India and other Asian countries are family controlled and managed. However, family businesses face unique decision dilemmas as they operate within the interface of family, business and ownership systems. Expert advice to help the family enterprise navigate through these complex challenges is highly valued and sought after but is rarely available. Addressing this need, the programme helps the participants master the concepts and skills required to deal with family business challenges and become an effective advisor. The mentoring capabilities built through this programme help the participants devise insightful solutions that leave a lasting impact on their family business clientele.

Women in Family Business, August 06 – 07, 2018: The programme focused on the role of women in family business and how they can deal with the most significant challenges they face (direct and indirect) in their family business. The programme also delved into the effectiveness of a businesswoman, and their contribution to building a long-lasting family business.

Family Business : Managing Growth and Transformation, July 25 – 28, 2018 (open programme) and February 27 – March 2, 2019 (for Senior group of MFAB students): The programme enabled the participants to identify and understand the challenges that come with the transformation of a growing family business, and develop key skills for managing it. The programme also provided a holistic perspective of how to successfully manage family businesses in a competitive scenario.

Next Generation in Family Business : Getting Future Ready, February 21 – 22, 2019: Participants from various family businesses from India and abroad attended this programme. The programme provided a comprehensive perspective of managing a family business and its complexities through a crafted mix of interactive sessions, case studies, group discussions and interesting exercises with peers.

Making Directors Effective in Family Business, March 21 – 22, 2019: Directors of family controlled businesses have to address unique challenges. They need to understand the overlapping features of family and business to perform their responsibilities. This programme enabled participants to transform themselves into effective board members.

Short Modules

Professor Ramachandran has taught short modules on family business in a number of other programmes.
Family Enterprise Case Competition

The Centre mentored three MFAB students to participate in the 6th Global Family Enterprise Case Competition held at University of Vermont, USA on January 9-12, 2019. FECC is one of the best case competitions in the world. It prepares participants to understand the critical issues that are unique to family enterprise by applying the knowledge and expertise they have developed in the classroom towards solving complex family business cases. During four tough rounds of competition, teams present their case to a distinguished panel of judges who determine which group best understood, analyzed and presented the case. Nupur Pavan Bang from the Centre accompanied the students as the coach. One student from the ISB team received the best presenter award.
From left Dieter Spaelti, Pramodita Sharma, Nupur Pavan Bang, Sushma GNVS, Kavil Ramachandran, Thomas Schmidheiny, Ann-Veruschka Jurisch (Ruscha), Navneet Bhatnagar, Yashodhara Basuthakur, Anierudh Vishwanathan

**Associate Faculty**

- **Professor Ramnarayan S**
  Indian School of Business

- **Professor Francis Kim**
  Indian School of Business

**Senior Advisor and Senior Fellow**

- **Professor Pramodita Sharma**
  Daniel Clark Sanders Chair Professor in Entrepreneurship and Family Business, Grossman School of Business, University of Vermont, USA

**Research Fellows**

- **Professor Sougata Ray**
  Professor of Strategy, Indian Institute of Management Calcutta

- **Professor Raveendra Chittoor**
  University of Victoria

- **Vivek Bhandari**
  Chairman, Jio Payments Bank
About ISB
ISB is a premier management institution established in 2001, in association with Kellogg School of Management, The Wharton School and the London Business School. In just a few years, ISB has successfully pioneered several new trends in management education in India, and has established itself as a leading B-school across the world. ISB has a strong pool of research-oriented resident faculty and invites high calibre international faculty from reputed B-schools to teach in its Post Graduate Programme in Management, Executive Education Programmes, Post Graduate Programme in Management for Senior Executives, and also to participate in collaborative research with the resident faculty.

Select Organisations/Academic Institutions the Centre is associated with: