



Universidad
de Navarra

Family Business_20 (F. Económicas)

Guía docente 2023-24

PRESENTACIÓN

"One of my key objectives is to ensure the family is proud of the company and feels a part of it. The moment the company becomes more of a financial investment for the family, we may as well go public, honestly. The family never sees the value of the equity because that gets passed on. We see ourselves simply as a steward of that equity as it moves from one generation to the next."

– H. Fisk Johnson, fifth-generation Chairman and CEO of S.C. Johnson & Son (Wall Street Journal, March 10, 2016).

Most companies worldwide are controlled by their founders or founding families, including small businesses, and privately held companies and more than two-thirds of publicly listed firms¹. Family control brings challenges and opportunities for both business and multi-stakeholder groups.

In this context, the Family Business Management course aims to educate and prepare managers for the specificities of family businesses, which have a significant economic and social impact around the world, but at the same time lack good managerial techniques and theoretical concepts to perform and endure over generations.

The course will address topics about the idiosyncrasies of management, structure, governance, and strategy in family businesses so that the student can critically and through different methodologies, analyze the business challenges and problems in the day-to-day management of a family business.

The goals of the Family Business course are, therefore, to develop your skills at:

- 1.-Identifying the distinctive characteristics of family businesses that differentiate them from other types of organizations.
- 2.-Understanding the theoretical logic of management and governance in family businesses.
- 3.- Evaluating the stage of the family business in its different dimensions, namely: (a) family), (b) business, and (c) ownership.
- 4.-Identifying managerial and governance problems and proposing solutions in the context of family businesses.
- 5.- Applying managerial tools to improve communication and reduce conflicts between the various stakeholders in family businesses.

We will emphasize developing practice-oriented general management skills, aiming to integrate theoretical concepts of different disciplines such as microeconomics, accounting, finance, law, and strategy that have practical implications for family business management.



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The course will draw, primarily, upon economic and sociological thinking through a series of case studies discussions and lectures. We will discuss the enduring principles of management in the context of family firms.

Breve descripción:

- **Titulación:** ADE GEN MAN, ECO
- **Módulo/Materia:** Management
- **ECTS:**3
- **Curso, semestre:** Spring 2024
- **Carácter:** Mandatory
- **Profesorado:** Alvaro Bañon
- **Idioma:**English
- **Aula, Horario:** Since march 5th.
 - Tuesday 12:00 Classromm 01 Amigos Building
 - Wednesday 12:00 Classroom 13 FCOM Building

COMPETENCIAS

Program learning objectives	Course's learning objectives
<i>GC1. To be familiar with different areas of the theory and/or application of economic analysis.</i>	1, 2, 3
<i>GC6. To be familiar with the different contexts in which their work is carried out: the circumstances, markets and historical, legal, or human context.</i>	1, 2, 3, 4, 5
<i>GC4. To use independent critical reasoning on relevant topics in economics and business.</i> <i>SC12. To provide a well-argued critical defense of one's own ideas on economic and /or business topics.</i>	4, 5

PROGRAMA

Module 1 – Family Business Nature and Value

Class 1,– Introduction to the course and the nature and importance of family firms: what it is, what makes it unique.



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Required Readings:

- Ernesto Poza & Mary Daugherty, Family Firms, Chapter 1. "The nature, importance, and uniqueness of the family business."

Supplemental Readings:

Monica McGoldrick et al., **Genograms, Chapters 1 and 2.** **Class 2, January 16th** – Conceptual models of family businesses: Sociological and economic theories Required Readings:

- Leif Melin, Mattias Nordqvist, & Pramodita Sharma, The SAGE Handbook of Family Business.

- **Chapter 5 "Sociological Theories Applied to Family Business," and**

1. "

Class 3, Do family ownership, control, and management create or destroy value?

(Concepts)

Required Readings:

- Marianne Bertrand & Antoinette Schoar. "The role of the family in family firms." Journal of Economic Perspectives, 20(2), 73–96, 2006.
- Belén Villalonga & Rafi Amit, "How do family ownership, control, and management affect firm value?" Journal of Financial Economics, 80, 385–417, 2006.

Class 4, – Do family ownership, control, and management create or destroy value? **(Case)**

Module 2 – Managing the Family Firm

Class 5, – Managing shareholder conflict and family dynamics. **(Concepts)**

Required Readings:

- Ernesto Poza & Mary Daugherty, Family Firms, Chapter 2. "The family dynamics challenge."
- Ritch Sorenson. "Conflict management strategies used by successful family businesses," Family Business Review, 12(4), 325–340, 1999.

Fredo Corleone: <https://www.youtube.com/watch?v=rg8jODlrka0> **Class 6, February 13th** – Managing shareholder conflict and family dynamics. **(Case)**

Case: J. Pérez Foods (HBS 801-147) Case Discussion Questions:

[1.] How did the shareholder conflict described in the (A) case come about?

[2.] How would you describe the health of the business, family, and ownership group in the Perez family business system?



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[3.] If you were Jaime Perez, Jr. at the end of the (A) case, what would you do to resolve this family shareholder conflict?

Class 7 Strategy in the family business system: the dual approach. **(Concepts)**

Required Readings:

- Ernesto Poza & Mary Daugherty, Family Firms, Chapter 10. "Strategic planning and transgenerational entrepreneurship."
- David Sirmon & Michael Hitt, "Managing resources: Linking unique resources, management, and wealth creation in family firms," Entrepreneurship: Theory and Practice, 27(4):339-358, 2003.

Class 8 – Strategy in the family business system: the dual approach. **(Case)**

Case Study: The Mitchell Family and Mitchell/Richards (HBS: 605047) Discussion Questions:

[1.] How central is the Mitchell family to the strategy and success of Mitchells/Richards?

[2.] Can the Mitchell family successfully perpetuate its business for another generation? How? Module 3 – Governing the Family Firm

Class 9 Governance in the family business system: management, family (family council and constitution), and the board. **(Concepts)**

Required Readings:

- Ernesto Poza & Mary Daugherty, Family Firms, Chapter 9. "Family-business governance: Boards of directors, family councils, and family offices."
- Belén Villalonga et al. "Governance of Family Firms." Annual Review of Financial Economics, 7, 635-54, 2015.

Complementary Readings:

- John Davis, "Reminders for owner-managers regarding the board of directors of private companies" (HBS: 805-154).

Class 10– Governance in the family business system: management, family (family council and constitution), and the board. **(Case)**

Class 11, March 20th – Family business succession. **(Concepts)**



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Ernesto Poza & Mary Daugherty, **Family Firms, Chapter 7.** "Succession and the transfer of power." **Class 12, March 27th** – Family business succession. **(Case)**

Class 13 Invited Speaker

Class 14 Family Business Simulation

ACTIVIDADES FORMATIVAS

To achieve these goals, we will use various learning techniques: lectures, reading assignments, presentations, invited speakers, and, most importantly, case studies discussion.

2.1 Case Studies

Developing business analytical skills is best accomplished through practice. We will study the business cases as "real" business situations and are designed to bring the concepts and tensions alive by providing management problems and data as a simulation of actual business activity.

Case studies offer the opportunity to apply the concepts we discussed in class and further develop our ability to think about strategic decisions. How much is learned from these cases will depend on student's prior preparation outside the class and active class participation.

Therefore, each of us is responsible for being fully prepared for each class, and there will be assignments over the semester to help focus our preparation. Everyone is expected to participate effectively in each class to comment, question, and analyze the problem under consideration with the principles of strategy and the frameworks that capture them.

Objectives of the case analyses:

1. Developing practical skills in diagnosing family business issues,
2. evaluating alternatives, and
3. developing plans of action

2.2 Individual participation

Active participation in the classroom is an essential part of the learning experience. You are expected to contribute as much to the discussion during the lecture sessions.



2.3 Teamwork

The discussion of the cases and the preparation of their analyses outside the class help deepen the knowledge about economic and strategic problems. The development of group work skills is a fundamental part of the learning process. In this sense, having students with different experiences in a group facilitates exchanging other "points of view," promoting the learning of concepts and their applications. Thus, group work will serve as a preparation activity before the case discussion, and, above all, it will make the learning process more dynamic.

EVALUACIÓN

The final grading scale is composed of the following grades:	
5.1 Case Reports (Individual)	30%
5.2 Attendance & Participation (Individual)	20%
FINAL EXAM (At least 5)	50%

Extraordinary Evaluation:

The final grading scale is composed of the following grades:	
5.1 Case Reports (Individual)	10%



5.2 Attendance & Participation (Individual)	10%
FINAL EXAM (At least 5)	80%

HORARIOS DE ATENCIÓN

Professor Alvaro Banon

- Despacho 2300 Edificio Amigos Planta 2
- Horario de tutoría: Please send email to the teacher to set an appointment
abanon@unav.es

BIBLIOGRAFÍA

1. 1Textbook (Required)

Ernesto Poza & Mary Daugherty, **Family Business**, 4th Edition, South-Western Cengage Learning, Mason: OH, 2014. [EP] [Find it in the library](#).

3.2 Complementary Readings (*available at the library)

(*) Kelin Gersick, John Davis, Marion McCollom Hampton & Ivan Lansberg, *Generation to Generation: Life Cycles of the Family Business*, Harvard Business School Press, Cambridge, MA. [GDML]

Leif Melin, Mattias Nordqvist, & Pramodita Sharma, *The SAGE Handbook of Family Business*, SAGE Publications Ltd, Thousand Oaks: CA, 2014. [MNS]

(*) Monica McGoldrick, Randy Gerson, & Sueli Petry, *Genograms: Assessment and Intervention*, 3rd Edition, New York: W.W. Norton&Company, 2007 [MGP]

3.3 Selected articles will be available in ADI.