

# NEWS ALERT DAILY NEWSLETTER

## INDIA'S FAMILY OWNED BUSINESSES

Family owned businesses (FOBs) have existed for long. The economic impact of FOBs is enormous considering that one third of fortune 500 companies are family outfits, accounting for 45 -70 percent of the global GNP and employment.

### The Indian FOB story

#### The past

- ◆ Success was a function of ambition and drive, not of market realities
- ◆ Striking connections and building reputations were essential
- ◆ Decision making had to be opportunistic and instinctive
- ◆ Management involved interactions with the external environment
- ◆ Human resources were plentiful and not difficult to retain

#### The present

- ◆ The roles of the owner and the manager became bifurcated
- ◆ Skills acquired through professional training were essential
- ◆ Decentralized decision making were forcing the family to step back
- ◆ Liaisoning only a behind the scenes activity, not a strategy
- ◆ Corporate governance- a crucial responsibility

### INDIA'S BEST KNOWN BUSINESS HOUSES

Tata	Mehta	Hinduja	Piramal	LM
Parvinder Singh	Mafatlal	HS Singhanian	Murugappa	GP Goenka
Wadia	MR Chhabra	BM Khaitan	Nanda	Mahindra
Ruia	MP Birla	BK-KM Birla	Premji	Mappillai
Kirloskar	SK Birla	Kalyani	Dhoot	Raunaq singh
Munjal	GP- CK Birla	KK Birla	Bajaj	Mallya
Godrej	Lalbhai	MM Thapar	RP Goenka	Ambani

## THE ESSENTIALS

- ♣ A well defined strategic direction is essential for surviving competition
- ♣ Better operational management is essential to reach global class
- ♣ Focusing on the core is better than persisting with diversification
- ♣ The greater the pace of change, the higher is likelihood of survival
- ♣ Poor family dynamics can undermine strategic strengths

## THE FUTURE

- Strategic focus will be a cause for concern for the family business
- Attempts to improve operational performance are gathering pace
- The shift towards divestment in non core businesses is discernible
- Despite ingenious financing, funding the future will be difficult
- Family instability is posing a serious threat to survival

## QUESTION OF THE DAY



NAME THE BUSINESSES OWNED BY THIS BUSINESS TYCOON?

Successful Businesses have:

**EXTRAORDINARY PERSEVERANCE**

**CONVICTION**

**Clear Vision**